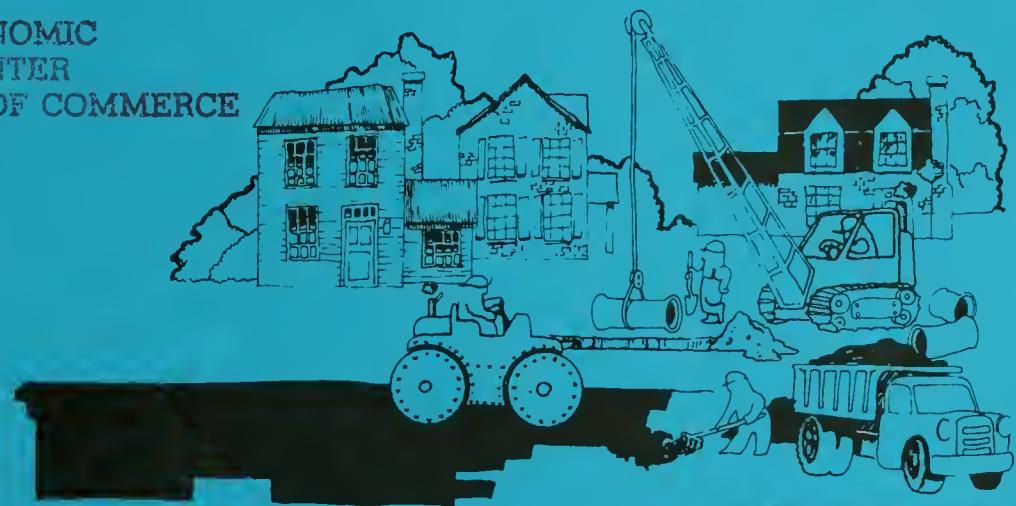


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# Montana Community Development Block Grant Program

## 1989 APPLICATION GUIDELINES FOR HOUSING & PUBLIC FACILITIES PROJECTS

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**MONTANA**

**COMMUNITY DEVELOPMENT**

**BLOCK GRANT PROGRAM**

**APPLICATION GUIDELINES FOR  
HOUSING AND PUBLIC FACILITIES PROJECTS**

Montana Department of Commerce

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July, 1989



## INTRODUCTION

The 1989 Community Development Block grant (CDBG) Program Application Guidelines describe the general requirements which apply to all local governments applying for CDBG funds as well as the special requirements and ranking criteria which will be used to evaluate applications for the October 31, 1989 competition for housing and neighborhood revitalization and public facilities projects.

Beginning this year, the Montana Department of Commerce is instituting a change in the administrative structure for the CDBG program which will better serve the needs of businesses and local governments interested in utilizing the CDBG program for economic development. In order to consolidate the business assistance functions of the Department, the economic development component of the program will be administered by the Business Assistance Division. The housing and public facilities categories will continue to be administered by the Local Government Assistance Division.

In recognition of this reorganization and to clarify the application requirements for these grant categories, the Department is publishing two sets of application guidelines: one, for the economic development category only, and the second, for the housing and public facilities categories.

For a copy of the application guidelines for economic development projects, contact:

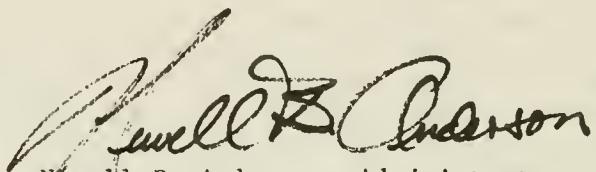
DOC/Business Assistance Division  
1424 Ninth Avenue  
Capitol Station  
Helena, MT 59620  
444-3923

For information on the use of the CDBG program for housing and public facilities projects, contact:

DOC/Local Government Assistance Division  
Room C-211, Cogswell Building  
Capitol Station  
Helena, MT 59620  
444-2488

If you have not previously worked with Montana's CDBG Program, the volume of the guidelines may seem a bit overwhelming. There is no question that, because of the federal requirements involved, there is considerable "red tape" involved in applying for and administering a Community Development Block Grant. However, keep in mind that these guidelines include sections on two different types of CDBG projects: housing and neighborhood revitalization and public facilities. Once your community has decided on the type of project it intends to pursue, the other portions of the guidelines which do not apply can be discarded. The text of the guidelines also includes numerous suggestions to applicants on how to prepare a more competitive grant application.

In addition to these guidelines, the Department of Commerce has prepared a number of supplementary materials to help local officials prepare CDBG applications. These include items such as sample survey forms, budget forms, formats for public hearing announcements and local government resolutions, and checklists to help make sure that the application is complete. Copies of these materials will be distributed at five regional application workshops to be held in August 1989 or may be ordered from the Department's Local Government Assistance Division at the address and telephone number listed above. If you have any questions regarding Montana's Community Development Block Grant (CDBG) Program, don't hesitate to contact us.



Newell B. Anderson, Administrator  
DOC/Local Government Assistance Division

July 17, 1989

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## I. BACKGROUND

The Community Development Block Grant (CDBG) Program is a federally funded grant program designed to help communities with their greatest community development needs. All projects must be designed to principally benefit low and moderate income families. The program was established by the federal Housing and Community Development Act of 1974 (42 USC 5301) and is administered nationally by the U.S. Department of Housing and Urban Development (HUD).

Nationally, the CDBG program is divided into two major categories:

1. The Entitlement CDBG Program assists communities with 50,000 or larger populations. In Montana, only Billings and Great Falls are entitlement communities; they receive CDBG funds on a formula basis and are directly under HUD administration.
2. The Nonentitlement or State CDBG Program assists communities with populations under 50,000. Allocations for the nonentitlement program are established for each state on the basis of a statutory formula.

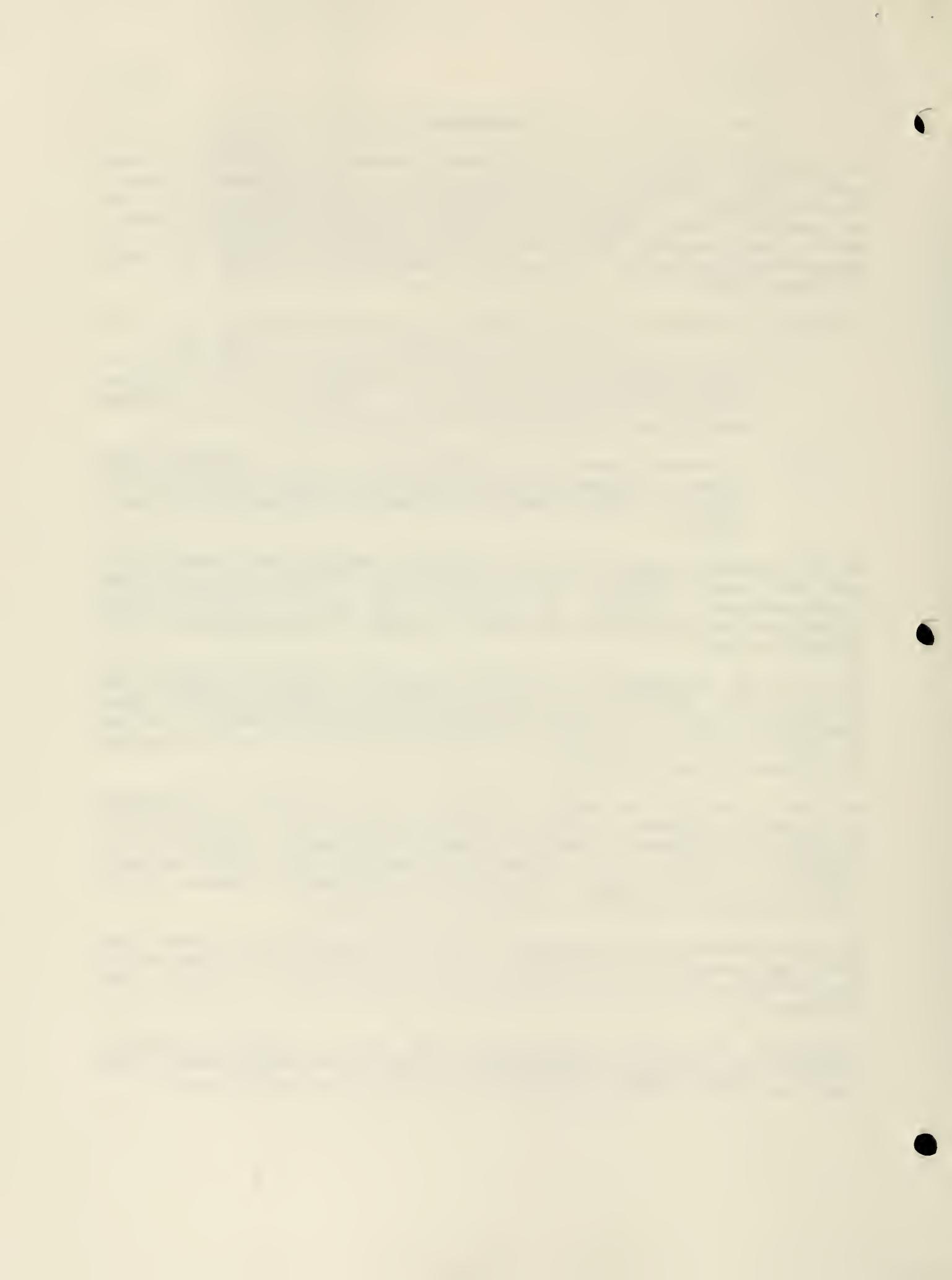
In 1981, Congress amended the federal Housing and Community Development Act to make the nonentitlement portion of the CDBG program available as an optional State-administered program. The November 1981 special session of the Legislature authorized the Department of Commerce to administer the program beginning in 1982.

Each year from \$5-6 million have been awarded to Montana counties and municipalities. Overall, the CDBG awards have been matched by an equal expenditure of public and private funds, making possible millions of dollars of public and private investment and construction activity and creating jobs for Montanans across the state.

The grant competition for public facilities and housing and neighborhood revitalization projects is conducted annually in the fall. Grant applications for economic development projects are accepted continuously. Applications are evaluated according to the established criteria for each project category. Because of the strong demand for the funds, the Department of Commerce is only able to fund about one-half of the applications submitted.

Although numerous federal requirements attach to the program, the State does have some flexibility to design its own program objectives and procedures for program administration, and to establish the criteria used to select grant recipients.

A summary of each of the projects awarded funds under the 1988 CDBG Program is available by contacting the department. Lists of the projects awarded CDBG funds from 1982 to 1988 are available from the Department upon request.



## II. FISCAL YEAR 1989 PROGRAM DESCRIPTION

### A. PROGRAM GOAL AND OBJECTIVES

#### 1. Goal

Consistent with Congressional intent as expressed in the federal Housing and Community Development Act, the goal of the Montana Community Development Block Grant (CDBG) Program is to develop viable communities by providing decent housing, healthful and safe living environments, and economic opportunities, principally for persons of low and moderate income.

#### 2. National Objectives

Each activity proposed for a local CDBG project (other than project administration) must address one of the three following national objectives for the CDBG Program:

- a. benefit low and moderate income persons;
- b. aid in the prevention or elimination of slums or blight; or
- c. meet other community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such needs.

In addition, the federal Housing and Community Development Act requires that 60 percent of a State's CDBG funds, taken as a whole, must be used for activities that principally benefit low and moderate income persons. The Montana CDBG Program has responded to this mandate by requiring that each applicant document that at least 51 percent of the non-administrative funds provided for a local CDBG project will be used for activities that are clearly designed to meet the identified needs of low and moderate income persons.

#### 3. State Objectives

Under federal law, the Department of Commerce must annually prepare a Performance and Evaluation Report to HUD which relates each grant recipient's use of CDBG funds to the State's community development objectives. (Copies of the report are available upon request.) In order for the Department to fulfill this requirement each CDBG applicant must identify the State objective(s) which its proposed project responds to. Appendix A describes the State's objectives for the Montana CDBG Program.

### B. PROJECT CATEGORIES

There are three funding categories under Montana's CDBG Program:

1. economic development;
2. housing and neighborhood revitalization; and
3. public facilities.

In economic development projects, the State grants a CDBG to a local government, which loans the funds to a private business. In return, the business commits to create a specific number of jobs, a majority of which will be made available to low and moderate income persons.

In public facility projects, CDBG funds are most often used in combination with other federal, state, or local funds to make water and sewer system improvements affordable to low and moderate income families.

In housing and neighborhood revitalization projects, CDBG funds are used to make low or no interest loans to low and moderate income families to allow them to rehabilitate homes in substandard condition. Rehabilitation focuses on bringing the home up to basic code standards by improving electrical systems, plumbing, roofing, and energy conservation measures such as installation of adequate insulation or energy-efficient furnaces, doors, and windows. In addition, communities frequently use CDBG funds to demolish vacant unsafe buildings or to make needed improvements in public facilities in conjunction with their housing efforts.

A project may consist of one or more activities designed to substantially resolve a community development need. The principal activities must clearly be designed to address needs appropriate to the category applied for and must represent at least two-thirds of the non-administrative project funds requested; other proposed activities must be clearly complementary to and in support of the principal activities and enhance the overall impact of the project in resolving the identified problem. For example, public facilities activities, water, sewer, or street improvements, can be included in a housing and neighborhood revitalization project which primarily addresses housing rehabilitation and demolition needs because the activities support the overall neighborhood revitalization strategy and are related to the project objectives.

Examples of the types of activities which may be funded under each project category, as well as the special requirements and ranking criteria which are used to evaluate applications for each category, can be found in the separate chapters of these guidelines.

The requirements for Economic Development Projects are discussed in a separate set of application guidelines available from the Department of Commerce.

### C. GRANT CEILINGS

The total amount of CDBG funds requested by an applicant must not exceed the following ceilings:

<u>Type of Grant</u>	<u>Ceiling</u>
Housing and Neighborhood Revitalization	\$375,000
Public Facilities	\$375,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves or in

combination with other proposed funding sources to complete the proposed activities within the contract period. The contract period is normally 18 to 24 months from the date of the announcement of grant award by the Department. While grant ceilings establish the maximum amounts which may be requested, individual grants will be awarded only in amounts appropriate to the scope of the identified problem, the proposed project activities, and the needs, resources and administrative capacity of the applicant.

There are no minimum amounts required for grant requests. A community considering a relatively small grant request should consider whether the proposed project would result in questionably high administrative costs relative to the actual project cost. In these circumstances, applicants are encouraged to contact the Department of Commerce to discuss their proposed project prior to submittal of the application.

#### D. APPLICATION DEADLINES

<u>Type of Grant</u>	<u>Deadline</u>
Housing and Neighborhood Revitalization	October 31, 1989
Public Facilities	October 31, 1989

Applications must be delivered or postmarked on or before the deadline date.

#### E. DISTRIBUTION OF 1989 FUNDS

##### 1. Funds Available for the 1989 State CDBG Program

HUD has notified the Department of Commerce that Montana's FY 1989 CDBG allocation will be \$5,455,000.

The anticipated amounts available for Montana's CDBG Program for federal fiscal year 1989 are approximately as follows:

Total Fiscal Year 1989 State CDBG Allocation	\$5,455,000
Less CDBG funds for State program administration and technical assistance to applicants and to grantees	209,100
Amount Available for Award to Local Governments	\$5,245,900
Less 25% Allocation for Economic Development Category	1,311,475
Total Available for Award through Fall 1989 Grant Competition	\$3,934,425

<sup>1</sup> Extensive federal regulations accompany the program. The Montana Department of Commerce will use a small portion of the State CDBG allocation for administration of the program. The funds will be used to supplement State resources to meet federal regulatory requirements and to support related technical assistance to applicants and grantees and project monitoring activities throughout the terms of the local projects.

## 2. Allocation of Funds

### a. 1989 Economic Development Setaside

Twenty-five percent of the total amount available for new grants (\$1,311,475) will be set aside to allow economic development funds to be available to applicants on a continuous basis.

Experience with economic development has shown that communities most often become involved in job-creating activities in two types of situations:

1. assistance to existing businesses to foster expansion, and
2. provision of necessary public facilities and/or loans in conjunction with new investment in the community by a business not previously located there.

For the public facilities and housing categories, in general, basic needs can be identified and planned for in advance. In contrast, it is generally not possible to identify or plan for economic development opportunities ahead of time; however, when such a situation develops it requires a timely response by the community and the State to facilitate and support the development proposal. The continuous application cycle for economic development applications is designed to meet the need for more prompt response to economic development initiatives.

The Department of Commerce believes that this system for allocating funds among the three project categories:

- allows the CDBG program to be more responsive to the unique constraints faced by local economic development projects;
- establishes funding allocations among grant categories that are responsive to local needs and demand; and
- assures an equitable selection process by evaluating applications only against criteria appropriate to that category.

### b. Fall 1989 Grant Competition For Housing and Public Facilities Projects

For the fall 1989 grant competition, tentative allocations for the housing and neighborhood revitalization and public facilities categories will be established on the basis of the total dollars requested for each type of grant as a percentage of the total amount requested by all applicants in these two areas. Allocations will be calculated using those applications which have been accepted and determined to be eligible for the grant competition. Applications will be ranked against other applications in the same project category for the total amount of funds allocated to that category.

During the fall grant competition for housing and public facility projects, the final distribution of funds for any category may be subject to shift up or down, per category, of up to 10 percent of the amount available for award to local governments at the discretion of the Director of the Department of Commerce, under the following circumstances:

- if the funds remaining in a single category are insufficient to achieve adequate impact for all of the next highest ranked projects or would result in unjustifiably high administrative costs relative to project impact; or
- where judgments on the overall quality of proposed projects and their consistency with the goal and objectives of the State CDBG Program would justify redistribution of funds.

### 3. Reallocation of Funds

- a. If any grantee which has tentatively been awarded funds is unable to fulfill the conditions required to secure a final commitment of funds, the tentative grant commitment will be withdrawn. In the event that excess funds above the last ranked grant request are available, they may be reallocated at the discretion of the Director of the Department of Commerce, consistent with these guidelines, so as to best achieve the goal and objectives of the Montana CDBG Program.
- b. Unallocated funds from the current fiscal year or unexpended or uncommitted funds from previous grant awards, including program income which has been returned to the State, may be reallocated at the discretion of the Director, consistent with the current adopted Application Guidelines, in order to best achieve the goal and objectives of the Montana CDBG Program.
- c. The Federal Housing and Community Development Act requires the State to distribute CDBG funds to local governments "in a timely manner." HUD requires the State to have at least 75% of its total annual grant allocation awarded and under contract within twelve months of the date the allocation was awarded to the State. All remaining funds must be awarded and under contract within fifteen months of the State CDBG award. Therefore, if after ten months from the date of the award of the State's annual CDBG allocation, the Department of Commerce does not have at least 75% of its fiscal year allocation awarded and under contract, the Department Director may, at his discretion, award funds from the Economic Development Setaside to the highest ranked, unfunded applications from the fall grant competition for housing and public facilities projects, in order to achieve these goals.

### 4. Estimate of Funds to Benefit Low and Moderate Income Persons

The federal Housing and Community Development Act requires that the State estimate the amount of CDBG funds proposed to be used for activities that will benefit low and moderate income persons, excluding administrative costs.

In keeping with Congressional intent for the program, all CDBG applications must document, as a threshold requirement, that at least 51 percent of the non-administrative funds requested for a CDBG project are clearly designed to meet the needs of low and moderate income families. As a result, according to HUD guidelines for calculating benefit, approximately 99% of the funds granted to Montana communities from 1982-1988 are considered to be principally benefiting low and moderate income families. Therefore, based on past

experience, the Department of Commerce estimates that not less than 95% of the non-administrative CDBG funds awarded through the FY 1989 Montana CDBG program for local projects will be used to benefit low and moderate income persons.

The State's estimate of funds to be used to benefit low and moderate income persons is based upon the following calculations:

Total estimated CDBG funds available for award to local governments	\$5,245,900
Less 18% maximum potential permitted for local project administration	<u>945,262</u>
Subtotal	\$4,301,638
Multiplied by projected 95 percent benefit for low and moderate income persons	95% x \$4,301,638 = <u>\$4,086,556</u>

Thus, the State estimates that not less than \$4,086,556 of Montana's fiscal year 1989 CDBG allocation will be used to benefit low and moderate income persons. Based on past experience, the actual amount will likely be higher since local projects, in the aggregate, average less than 18% for project administration.

### **III. GENERAL REQUIREMENTS FOR ALL CDBG APPLICATIONS**

In order to be eligible for an award of CDBG funds, applicants must comply with the following requirements. Local officials having any concerns or questions regarding these requirements should contact the Department of Commerce, Local Government Assistance Division, for guidance as early as possible in the process of preparing an application.

#### **A. ELIGIBLE APPLICANTS**

Under federal law, eligible applicants are limited to general purpose local governments: counties, incorporated cities and towns, and consolidated city-county governments. Among municipalities, only Billings and Great Falls are ineligible to apply to the State CDBG Program because they receive CDBG funds from a separate HUD allocation for communities with populations over 50,000. Montana's Indian tribes also receive CDBG funds from a separate HUD CDBG program and are not eligible to apply to the State program.

Special purpose agencies such as local housing authorities, or water or sewer districts are not eligible to apply directly; however, they may be involved in implementing and administering a program by interlocal agreement, if a local government agrees to such an arrangement. Water or sewer users associations, because they are private nongovernmental entities, must first be established as county water or sewer districts (pursuant to Title 7, Chapter 13, Parts 22 and 23, MCA) before CDBG funds may be released for a public facilities project.

##### **1. County Applications**

For projects proposed to resolve problems in the unincorporated jurisdiction of a county, the county governing body is the eligible applicant. A county may apply for a project which will include activities within the jurisdiction of an incorporated city or town if the proposed activity is intended to benefit all county residents, including those located in the unincorporated jurisdiction of the county, as well as those within the city or town.

In order to improve cost-effectiveness for project administration, a county may apply for a grant for a project which would address the same category of community need in two or more separate unincorporated communities as long as the grant request is under the established ceiling. For example, a county can apply for a project which would provide public facilities for two unincorporated communities or a project which would conduct housing rehabilitation activities in two unincorporated communities. If considering such a project, the applicant county would want to be sure that the involved communities have an equally high level of need and that the proposed response is equally appropriate and would achieve comparable impact on the needs of each of the communities; if not, the entire application could be less competitive.

##### **2. Municipal Applications**

For projects proposed to resolve problems within the jurisdiction of an incorporated city or town, the city or town governing body is the eligible applicant. A municipality may apply for a project which would include an

activity to be located outside city limits if the proposed activity will principally benefit residents within the city's jurisdiction, such as a solid waste disposal site or a water or sewage treatment facility. A municipality may also apply for a project which is located outside the city's jurisdiction if it can provide adequate assurances that the project area will be annexed within the term of the CDBG project.

### 3. Joint Applications

In situations where two or more eligible local governments face a common community development problem, a joint application may be submitted under the following conditions:

- a. the problem to be addressed lies in an area of contiguous jurisdictions;
- b. the solution to the common problem clearly requires cooperative action and is the most efficient strategy; and
- c. the local governments involved have contacted the Department of Commerce and received prior approval of such an arrangement before submission of an application. Requests for approval must be submitted at least 30 days prior to the due date for applications.

The eligible local governments involved must each meet the threshold requirements for all applicants. One local government must be designated as the lead applicant and accept full responsibility for application submission and, should the application be awarded funds, for administrative and financial management during the term of the CDBG project. The local government designated as the lead applicant will be ineligible to apply for another grant during the same grant competition.

All joint applications must contain a draft interlocal agreement, in accordance with the Montana Interlocal Cooperation Act (Sections 7-11-101 through 108, MCA), which identifies the responsibilities and obligations of the cooperating local governments, including long-term operation and maintenance, if applicable.

### **B. NUMBER OF APPLICATIONS PERMITTED PER APPLICANT**

Unless otherwise prohibited by the provisions of section D below, each eligible local government jurisdiction may submit only one application to the fall grant competition for housing and neighborhood revitalization projects and public facility projects.

For the purposes of this requirement, consolidated city-county governments will be considered as two separate jurisdictions; one, the city jurisdiction and two, the unincorporated jurisdiction of the county. For application purposes, the jurisdiction of each will be defined by the city and county boundaries as delineated on the date of consolidation. Applications for city and county jurisdictions must conform to the requirements for municipal and county applications set out in section A., Eligible Applicants.

#### **C. NUMBER OF GRANT AWARDS PERMITTED PER JURISDICTION**

During any program year, a local government jurisdiction may be awarded a maximum of:

- one grant from the public facilities or housing and neighborhood revitalization categories;

and

- \$375,000 in CDBG funds from the economic development category.

#### **D. RE-APPLICATION**

A past recipient of a CDBG award for a housing or public facility project is not eligible to reapply for the fall 1989 grant competition until the following conditions have been met:

Fiscal Year 1982, 1983, and 1984, 1985 grantees - project closed out (conditional or final).

Fiscal Year 1986 grantees - CDBG non-administrative funds 100% expended, project completion report submitted and audit scheduled.

Fiscal Year 1987 grantees - CDBG non-administrative funds 90% drawn down or activities completed.

Fiscal Year 1988 grantees - CDBG non-administrative funds 75% drawn down or activities completed.

In addition, any local government that is currently administering a CDBG project, including economic development, will not be eligible for re-application if:

1. The local government is not in compliance with the project implementation schedule contained in its CDBG contract with the Department of Commerce; or
2. There are outstanding audit or monitoring findings on a previously funded project, where the grant recipient has not satisfactorily resolved the identified problem.

For the purpose of this requirement, consolidated city-county governments will be considered as two separate jurisdictions.

#### **E. COMMUNITY DEVELOPMENT NEEDS ASSESSMENT**

The federal Housing and Community Development Act requires that each CDBG recipient must "identify its community development and housing needs, including the needs of low and moderate income persons, and the activities to be undertaken to meet such needs."

Each applicant must include a description of its needs, which, at minimum, summarizes:

1. The process used to identify community development needs and establish priorities and objectives, including efforts to encourage meaningful participation of local citizens, particularly those of low and moderate income;
2. The applicant's short-term and long-term community development needs in economic development, housing and neighborhood revitalization, and public facilities, including the needs of low and moderate income persons, and its priorities for responding to the needs;
3. The planned activities to be undertaken to meet the identified needs; and
4. The rationale for selecting the proposed project.

A summary of the applicant's Community Development Needs Assessment must be submitted as part of the CDBG application. The needs assessment summary may be incorporated as part of the applicant's response to the "Needs Assessment and Citizen Participation" ranking criterion established for housing and public facilities categories.

#### Suggestions for Applicants

The CDBG Needs Assessment requirement was intended by Congress to be an abbreviated planning process in order to promote better coordinated strategies for addressing local needs, particularly as they affect low and moderate income persons. It is not intended to duplicate the ongoing planning process being used by many Montana communities or the "Certified Cities" process which many communities have completed. To the contrary, as an initial step in the needs assessment process applicants should review their existing comprehensive plan and community development objectives. The needs assessment requirement can also provide an opportunity to review existing capital improvements, economic development, or housing plans, to determine if they still adequately reflect current conditions, needs, and community goals.

There is no one recommended procedure for preparing a community development needs assessment. In the past, some local governments have assigned the needs assessment to an existing local planning board. Others have formed special short-term committees or utilized community-wide town meetings, neighborhood meetings, or community surveys. Whatever approach is followed, the applicant must, at a minimum, meet the citizen participation requirements described in Section F, Citizen Participation below. (For further information, applicants can review the Department of Commerce guidelines, The Community Development Needs Assessment Process.)

The project proposed in the community's CDBG application does not have to be the highest priority community need. There are a number of reasons, including the availability of other, more appropriate local, State or federal financial resources which would justify submitting a CDBG application for other than the top-ranked community need. Or, for example, a legal mandate from the Montana

Department of Health and Environmental Sciences to upgrade a public facility would justify submitting a CDBG application for a community need which may not have been top-ranked in a local opinion survey.

The needs assessment process does not have to be conducted annually for applicants re-applying for CDBG funds if a previously prepared needs assessment still accurately reflects existing conditions and community development objectives and meets the requirements set out above. If an existing needs assessment will be used as the basis for reapplication, the applicant should solicit public comments on the previously identified community needs and priorities at one or more of the public hearings required by Section F, Citizen Participation.

#### F. CITIZEN PARTICIPATION

The federal Housing and Community Development Act requires the Department of Commerce to adopt "a detailed Citizen Participation Plan". In order to receive CDBG funds, both the Department and applicants for grants must certify that they are carrying out citizen participation in a manner that complies with this plan. Montana's Citizen Participation Plan is included in Appendix B. The certification required of applicants for CDBG funds is included in Appendix D, the CDBG Statement of Assurances.

Applicants must provide citizens, especially low and moderate income residents, an adequate notice and opportunity for meaningful involvement in the planning and development of CDBG applications.

At a minimum, the applicant must hold two public hearings, one before preparing the application and one prior to passage of a resolution by the governing body authorizing the submission of the application. The public hearings may be conducted either as part of a regularly scheduled meeting of the governing body or as hearings convened especially for CDBG purposes.

A record of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens is sufficient.

The purpose of the first public hearing is to inform citizens about the CDBG program, the amount of funds available, how it may be used, the range of activities eligible for funding and other general program requirements, as well as to solicit public comment, particularly from low and moderate income people, on community needs and priorities for economic development, housing and public facilities, including the needs of low and moderate income persons. In considering the needs of low and moderate income, the governing body is encouraged to consider the needs of households which may be especially needy, such as those with lower incomes, female heads of households or minority, elderly or disabled members. The first public hearing must be held not more than twelve months prior to the date of application.

The purpose of the second public hearing is to give citizens and potential beneficiaries of the proposed project adequate opportunity to review and comment on the community's CDBG application, before it is submitted. The

issues which should be considered include the proposed project location, activities, budget (including the estimated amount proposed to be used for activities that will benefit low and moderate income families), any costs to be imposed on residents as a result of the project (particularly those of low and moderate income), and, if appropriate, the plans of the grantee for minimizing displacement of persons as a result of activities assisted with CDBG funds. The second public hearing must be held not more than two months prior to the date of application.

Formal public notice must be provided before public hearings are held. Notice should also be directed to persons of low and moderate income, those persons who will benefit from or be affected by CDBG activities and/or groups representing low and moderate income persons. Hearings must be held at times and locations convenient to potential beneficiaries and with accommodation for the handicapped. In the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate, arrangements must be made to have an interpreter present.

#### Suggestions for Applicants

Notice of each public hearing should be published at least once in a newspaper of general circulation in the community at least seven days prior to the hearing. In addition to the published notices, the applicant should make reasonable efforts to inform citizens of the hearings who may be affected by a CDBG project but who might not be reached through formal newspaper notices. Examples of actions applicants may take to ensure citizen participation include meeting with community groups and leaders prior to public hearings, holding informational meetings, distributing notices of public meetings to residents, or posting of notices in ways customary to the community. These efforts should be especially concentrated in any geographic area which may be affected by a proposed CDBG project. The hearings should be scheduled at times and locations which will encourage broad citizen participation. (Communities without a newspaper may substitute alternatives for notifying the public such as radio announcements, mailed notices, and posters.)

#### **G. ELIGIBLE ACTIVITIES**

Projects may consist of one or more related activities within a general category. The activities which are eligible for funding under Montana's CDBG Program are limited to those set out by Congress in Title I of the Housing and Community Development Act of 1974. The text of the act describing eligible activities is contained in Appendix C of these guidelines.

Federal regulations require applicants to cite the national objective being met for each activity proposed within the overall project (other than administration). Forms to document compliance with this requirement are available from DOC.

#### Suggestions for Applicants

In most cases the question of the eligibility of an activity is clear-cut and can be resolved by contacting the Department of Commerce CDBG staff. Some activities may involve special conditions imposed by federal regulations.

In selecting activities for a CDBG application, communities should be aware that the fact that although an activity may be legally eligible under the federal statute and HUD regulations, it may not be competitive under the guidelines and ranking system incorporated in the Montana CDBG Program. For example, while parks or recreation facilities, as an individual project, are eligible under the federal statute, historically the CDBG project evaluation criteria and the high level of demand for the limited CDBG funds have not made an application for those types of activities competitive. Any project under consideration for a CDBG application should be compared against the ranking criteria for that category before a decision is made to prepare an application. If you have questions regarding the eligibility of, or special requirements which may apply to, a particular project or activity under consideration in your community, contact the Department of Commerce CDBG staff for guidance.

#### H. BENEFIT TO LOW AND MODERATE INCOME PERSONS

Each applicant must document in its application that a minimum of 51 percent of the non-administrative funds requested for a CDBG project will be used for activities that are clearly designed to meet identified needs of persons of low and moderate income in the area. Applicants must also demonstrate that any activities proposed will not benefit moderate income persons in a manner which would exclude or discriminate against low income persons.

Under the federal Housing and Community Development Act, "low and moderate income" is based on the higher of either:

- 80% of the median income for the county in which the project would be located; or
- 80% of the median income for the entire nonmetropolitan area of the State (all of Montana, excluding Billings and Great Falls).

The most applicable higher amount is already calculated in the current income guidelines for Montana counties which appear in the Department of Commerce publication, Guidelines for Documenting Benefit to Low and Moderate Income Persons.

Compliance with the benefit to low and moderate income requirement is calculated on an activity-by-activity basis. The following general guidelines can be used in determining, on a case-by-case basis, which projects (activities) will be considered as principally benefiting low and moderate income households:

- the project has income eligibility requirements that limit the benefits of the project to low and moderate income persons, such as housing rehabilitation assistance which is provided only to low or moderate income families; or
- the project serves an area where at least 51 percent of the residents are low and moderate income persons and provides services for such persons, such as a water project for a lower income neighborhood; or

- the activity must be carried out prior to or as an integral part of a project which will principally benefit low and moderate income persons (e.g., extension of water and sewer lines to permit construction of low income housing).

Applicants proposing to use CDBG funds for areawide activities (such as a community-wide public facility project) must provide income data to demonstrate that at least 51 percent of the persons who would benefit from CDBG assistance have low or moderate incomes.

Applicants intending to conduct local surveys of household income must utilize the appropriate income levels established for their county. Applicants must follow the Department of Commerce Guidelines for Documenting Benefit to Low and Moderate Income Persons which provides further explanation of the federal requirements governing benefit to low and moderate income. (Copies are available upon request from the department.) An applicant's failure to assure a statistically valid and sufficiently random sample for a local income survey will be considered sufficient grounds to discount claims made for percentage of benefit to low and moderate income persons during the application review process.

#### I. JUSTIFICATION FOR GRANT REQUEST

Each applicant must demonstrate that the proposed CDBG activities offer a solution to an identified community development need which could not reasonably be accomplished by the applicant without CDBG assistance. The applicant must substantiate that other private or local, State or federal resources are not available at reasonable cost to address the identified need and must demonstrate that the level of local financial participation in the proposed project is the maximum that it can reasonably be expected to provide.

#### J. BUDGET

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves or in combination with other proposed funding sources to complete the proposed activities within an 18-24 month period. Each applicant must propose a budget which is sufficient to assure effective administration and timely project completion. (Budget forms and guidance on budgeting are available from the Department of Commerce.)

The total budget of any proposed CDBG project should be divided between "activity costs" (such as "public facilities construction" or "housing rehabilitation") and "administrative costs." The administrative budget covers the costs of implementing a local project, including costs involved in preparing the required environmental review; the cost of the local project audit; and other contractual costs for professional services that may be associated with administration of the program.

The budget must be accompanied by a narrative justification for the specific proposed CDBG project activities and related administrative costs, including a breakdown of total project costs which identifies sources and amount of all non-CDBG funds to be used. The cost estimates for each item in the proposed budget must be explained in the narrative. If other sources of funds are

needed to complete the project, the status of these funds and how they will be coordinated with CDBG funds should also be described.

Administrative costs must be appropriate and commensurate with the project being undertaken. Any proposed administrative costs must be eligible, fully supported, and explained. In no case may the administrative budget for the grant exceed 18 percent of the total grant requested. Applicants which propose to contract for project management assistance with a consultant or other entity must specifically itemize this amount in the administrative budget and explain it.

**Under no circumstances are costs incurred prior to award of the grant (such as fees for preparing an application, community survey; or needs assessment; costs associated with conducting a local survey, and preliminary engineering studies) eligible for reimbursement in the event of a grant award.**

For public facility projects, line items for construction contingencies should not exceed ten percent of the estimated construction cost.

#### Suggestions for Applicants

Applicants should be especially careful to see that all potential costs for carrying out the project are identified prior to submitting the application.

Consideration should be given to costs such as:

- day-to-day project management activities specific to the type of project proposed.
- compliance with State and federal requirements;
- preparation of reports;
- bookkeeping;
- legal services;
- travel or registration fees for project-related training;
- conducting the environmental review and publishing required legal notices;
- appraisals;
- acquisition of land or easements;
- engineering design;
- Davis-Bacon (prevailing wage) requirements which may increase construction costs;
- construction inspections; and
- audit.

The Department recommends that applicants budget from \$2,000 to \$3,000 for final project audit. Applicants should also budget \$1,000 for technical assistance from the DOC Local Government Services Bureau in establishing their financial management system for project funds, unless they have recently been a recent grant recipient under the State CDBG Program and have already received this assistance.

#### **K. PUBLIC OR PRIVATE SECTOR COMMITMENTS**

**If public or private sector resources are to be involved in a proposed CDBG project, the applicant must provide evidence of the firm commitment of these**

resources. Such commitments should be binding, contingent only upon the award of CDBG funds for the project.

In documenting a public commitment, the public agency must specify the amount and use of the funds or resources. Funds or resources committed by a local government must take the form of a resolution by the governing body which specifies the approximate amount of the commitment. Funds or resources from a State or federal agency must be documented by a letter of commitment from the agency involved. The commitment of funds or resources may be made contingent upon the award of CDBG funds for the project.

In documenting a private commitment, the private party must specify the amount of the commitment and use of the funds. The commitment must be documented by a letter of commitment on the letterhead of the private participant. The commitment of resources may be made contingent upon the award of CDBG funds for the project. If any portion of the activity is to be self-financed, the private participating party must provide evidence of its financial capability through a corporate or personal financial statement or through other appropriate means.

Grant recipients which will require private, or local, State or federal public resources, in addition to CDBG funds, to implement a proposed CDBG project must have completed, within six months of the date of the announcement of the tentative grant award by the Department of Commerce, all necessary arrangements to assure that those resources are available for commitment to and participation in the project in order to guarantee timely project completion. Unless the tentative grantee can demonstrate the existence of unusual or extenuating circumstances that would justify an extension of time, the tentative award will be withdrawn and the funds reallocated.

No CDBG funds will be released to grant recipients until firm commitments are available for all non-CDBG resources to be involved in a project. No CDBG funds, other than for administrative purposes, may be obligated or incurred until this condition is released by the Department.

## L. PROGRAM INCOME FROM HOUSING AND PUBLIC FACILITY PROJECTS

**NOTE:** The following discussion of program income does not apply to economic development projects.

"Program income" is any income earned from CDBG supported activities such as repayments of principal and interest from loans for housing rehabilitation and, if authorized by the Department of Commerce, may be retained at the local level to be used for community development activities eligible under the CDBG program. An applicant requesting to retain program income from housing projects must submit, with its application, a plan for the ongoing use and financial administration of any program income.

The Department of Commerce has the option of establishing a grant condition which requires a grantee to return any program income to the State. The Department would then use the program income returned to the State to fund additional local CDBG projects. HUD regulations provide that the Department must waive this condition "to the extent such income is applied to continue the activity from which such income was derived." The Department's decision

to permit a grantee to retain program income from housing projects will be determined based upon the adequacy of the proposed plan for the use and administration of program income submitted as part of the grant application.

Federal regulations provide that if program income is earned prior to closeout of a project, it must be added to funds committed to the project and used to support CDBG eligible activities or spent on costs budgeted for CDBG funds before the grantee can request an additional drawdown of funds from its CDBG project account.

If a community which has previously received a CDBG award that has not been closed out, and is a recipient of CDBG funds at a later date, program income from the earlier CDBG project must be expended on activities under the new CDBG project before the community can request funds from its new grant.

If the Department of Commerce authorizes a grantee to retain program income, any program income received after project completion and grant closeout may be utilized by the grantee for additional CDBG eligible activities according to the terms of the grant closeout agreement. Communities utilizing program income must maintain the following information regarding their use of the funds:

- sources of program income, including interest earned;
- dates and amounts of program income deposits and disbursements; and
- a description of the activities funded with program income.

A summary of this information must be submitted with a grant application by any community which has been receiving program income from a previous CDBG project.

#### M. DOCUMENTATION

Each applicant should identify the source of supporting data for any statements made in the application. If local research was conducted to support the application, such as a survey of housing conditions or income levels, the survey methodology must be described and a copy of the survey form with a composite summary of all responses submitted with the application.

Applicants must utilize the current Department of Commerce model formats available for income and housing condition surveys. The applicant may use a survey conducted previously if it conforms to current Department guidelines and still accurately reflects local conditions.

All original documentation must be retained by the applicant and made available for review in the event that the application is tentatively selected for funding. The lack of adequate documentation to substantiate information contained in the application will be considered sufficient grounds for the Department to re-rank an application, and, if necessary, to withdraw a tentative grant award.

#### N. MAPS

Each application must include clearly legible maps which illustrate the applicant's political jurisdiction and the proposed project area. Applicants

are encouraged to submit maps at the minimum size and scale that will clearly convey all required information. Applicants should submit maps of a different scale where this will increase clarity. More than one type of information may be combined on one map if the information is clearly legible when combined.

a. Political Jurisdiction Map

The map of the applicant's political jurisdiction must identify:

- the boundaries of the entire jurisdiction;
- the project's location within the jurisdiction; and
- if applicable, the service area of the project.

b. Project Area Map

The map of the proposed project area must identify.

- the boundaries of the project area; and
- the locations of all proposed activities such as land to be acquired, buildings to be demolished, streets or water lines to be reconstructed, and blocks where housing will be rehabilitated.

Applications for housing and neighborhood revitalization grants must include a map depicting the structural condition of all housing units and other buildings within the project area, as well as the locations of structures to be demolished or areas where clearance activities will occur.

All project activities must take place within the project area boundaries, unless specifically authorized by the Department of Commerce.

Maps identifying the enumeration districts within each county may be ordered from the Census and Economic Information Center, Montana Department of Commerce, Capitol Station, Helena, Montana 59620, (telephone 444-2896). Microfiche copies of the county enumeration district maps are available free; paper copies of the maps may be purchased.

Maps of Montana's counties, cities and towns can also be ordered from the Montana Department of Highways, Planning and Statistics Bureau, 2701 Prospect Avenue, Helena, Montana 59620 (telephone 444-6119).

Maps of designated flood plains may be ordered from the Montana Department of Natural Resources and Conservation, Flood Plain Management Section, 1520 East Sixth Avenue, Helena, Montana 59620 (telephone 444-6646).

**O. FEDERAL AND STATE REQUIREMENTS**

Each applicant must agree to comply with the federal and State requirements set out in Appendix D (the CDBG Statement of Assurances) in implementing their proposed CDBG project, if selected for funding. A copy of the Statement of Assurances, signed by the chief elected official or executive officer of the applicant and dated within six months of the date of application, must accompany the application for CDBG funds.

Applicants should carefully review these requirements and consider their potential impact when designing their CDBG project. These laws cover a wide range of issues including environmental impacts, labor standards, employment practices, financial procedures, and civil rights, many of which can have an affect on the costs or complexity of project administration.

#### P. RESOLUTION TO AUTHORIZE APPLICATION

Each application for CDBG funds must be accompanied by a copy of a resolution or motion duly adopted or passed as an official act by the applicant's governing body within six months of the date of application which:

- authorizes the submission of the application;
- states the applicant's willingness to abide by the federal requirements described in the CDBG Statement of Assurances (Appendix D); and
- authorizes the applicant's chief elected official to act on its behalf in regard to the application and to provide such additional information as may be required.

Sample formats for this resolution are available from the Department of Commerce.

The Department of Commerce will assume that the applicant has determined its legal authority under Montana law to apply for the grant and to conduct the activities proposed in the application. The Department may request additional information from the applicant if it is aware of any evidence to the contrary.

#### Q. MANAGEMENT PLAN

As part of its application, each applicant must submit a Management Plan which, at a minimum:

1. addresses the local government's plans for assuring proper management of the CDBG project, including financial management of grant funds, compliance with State and federal requirements, effective and timely start-up and completion of project activities;
2. identifies the person or persons who will be responsible for day-to-day grant management (or position descriptions developed for these persons) and any contracted services to be utilized in carrying out the project;
3. includes a quarterly schedule for project implementation which identifies the timeframes for major activities and expenditures and the coordination of non-CDBG resources for the project;
4. addresses potential environmental concerns; and
5. if more than a single funding source or organization is involved, a description of how these will be coordinated and directed. The applicant must demonstrate adequate pre-planning to ensure that project activities can commence quickly if funds are awarded and that firm commitments exist for the other resources to be involved in the project.

To be awarded a grant under the CDBG Program, a local government must have the management capacity to undertake and satisfactorily complete the project it is proposing. An applicant is assumed to have the capacity to undertake the proposed project unless available information raises a question concerning an applicant's capacity. If any question arises during the evaluation of the application, the Department of Commerce may request additional information.

If an applicant does not believe that it currently has the capacity to manage a CDBG grant, it may propose to hire administrative staff or arrange for project administration by another local government through an interlocal agreement or by contracting for administrative services with a consultant, after grant award. In all cases, the applying local government assumes direct responsibility for proper financial management of the CDBG funds awarded to it.

## R. ENVIRONMENTAL IMPACT

All CDBG projects are subject to the National Environmental Policy Act and the Montana Environmental Policy Act. Both laws seek to avoid adverse impacts on the environment by mandating careful consideration of the potential impacts on any development assisted with federal funds or approved by a state agency. In addition, CDBG projects are subject to numerous other state and federal environmental laws. Applicants are encouraged to be sensitive to potential environmental impacts while their CDBG projects are first being considered and planned in order to avoid problems which could delay or even prevent a project from being implemented.

Appendix D (Statement of Assurances) contains a listing of the major federal environmental statutes and regulations which will apply to all CDBG funded projects. In addition, a form entitled "Checklist of Environmental Considerations for CDBG Applications" is available from the Department to further assist potential applicants to evaluate possible environmental impacts of projects under consideration. Local officials who have any concerns or questions regarding the potential environmental impacts of their proposed CDBG project or the environmental requirements should contact the Department of Commerce for guidance in advance of submitting their application for CDBG funds.

## S. DISPLACEMENT

The federal Housing and Community Development Act requires each State to minimize the displacement of persons which may occur as a result of activities assisted with CDBG funds. HUD regulations require that if any CDBG activity could result in displacement, the grantee must adopt a plan for minimizing displacement of persons and mitigating any adverse effects of displacement on low and moderate income persons. CDBG grantees must provide reasonable benefits and relocation assistance to any person involuntarily and permanently displaced as a result of the use of CDBG funds to acquire or substantially rehabilitate property, including businesses. In addition, HUD requires that grantees provide reasonable benefits to persons displaced as a result of the use of CDBG funds in cases which are not governed by the Uniform Relocation Act.

The Act also requires the Department of Commerce "to adopt a residential antidisplacement and relocation assistance plan". In order to receive CDBG funds, grant recipients must certify that they are following the plan. This certification is included in the Statement of Assurances (Appendix D) that each applicant must sign and submit with the CDBG application. Montana's Residential Antidisplacement and Relocation Assistance Plan is included in Appendix E.

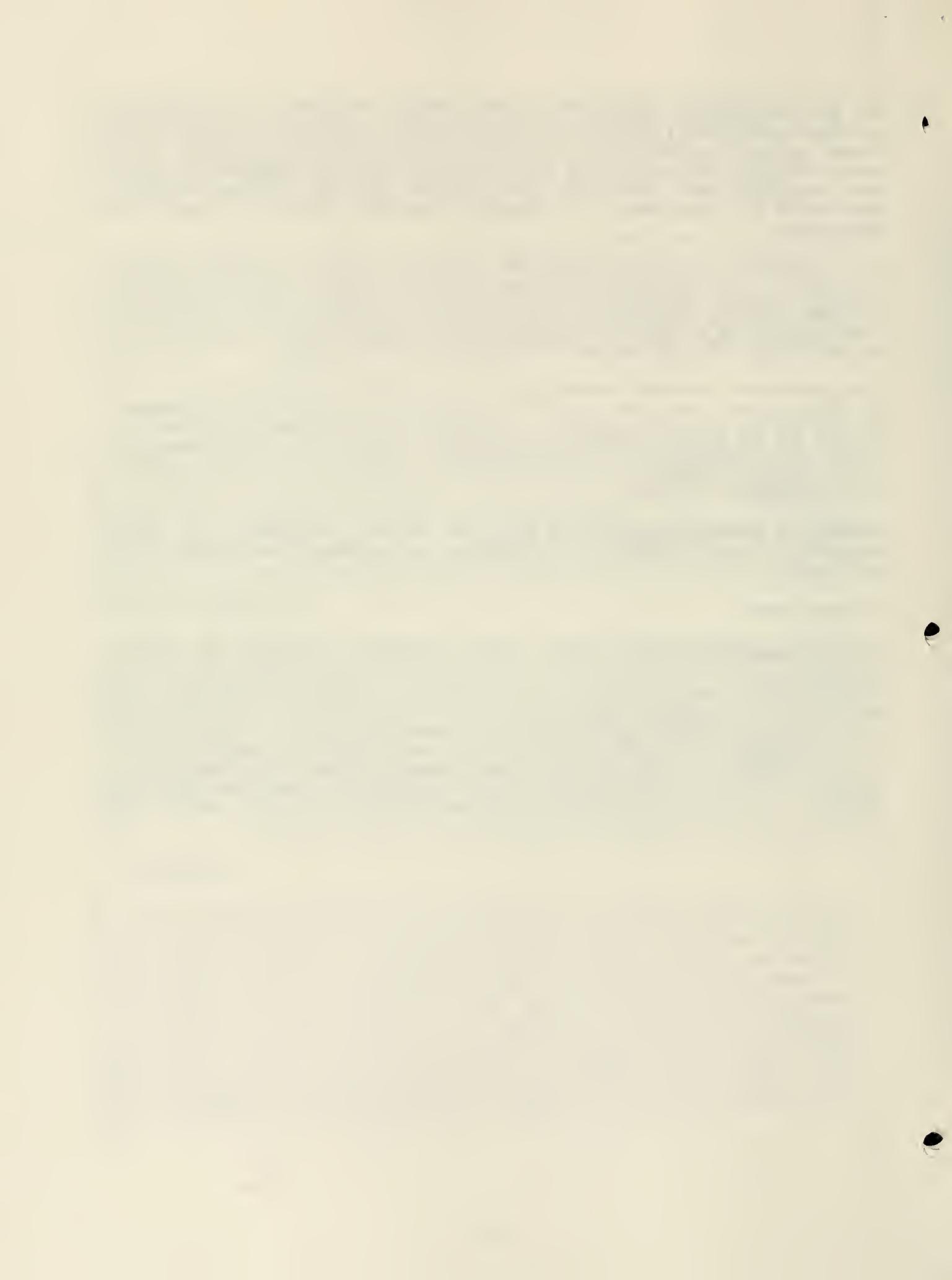
The act prohibits the use of CDBG funds to displace low or moderate income persons or demolish vacant habitable dwelling units, unless the grant recipient provides replacement housing and pays relocation costs. Replacement housing must be of equal value, be in standard condition, and guaranteed to be available to low and moderate income persons for ten years.

The guarantee of available housing for ten years can be waived only if it can be demonstrated that the area has enough vacant habitable and affordable housing for the affected households. However, grant recipients still have to cover all relocation costs and pay subsidies to hold the cost of housing for any displaced household at no more than thirty percent of their gross income, for a period of five years.

Communities planning CDBG projects which may involve displacement of local residents, should contact DOC for guidance on the federal requirements which will apply.

#### T. ACQUISITION

Federal requirements specify that local governments proposing the public acquisition of real estate or easements as part of a CDBG funded project must formally notify the effected property owner(s), prepare an appraisal to determine fair market value, have the appraisal reviewed, and make a written offer to purchase based upon an amount determined to be "just compensation". As an alternative "voluntary" acquisition procedures, containing fewer steps, can be undertaken if the local government agrees to waive its right of eminent domain in the event negotiations fail to result in a mutually acceptable agreement. Local governments having further questions regarding acquisition of real estate should contact the Department for further guidance.



#### **IV. APPLICATION EVALUATION AND RANKING**

Because of the serious problems faced by Montana communities, the demand for CDBG funds has always far exceeded the amount available. Because the program is so competitive, an application ranking procedure has been developed to provide an objective means to evaluate the degree to which a proposed project responds to the criteria for its type of project. The housing and public facilities categories use different ranking criteria in order to provide measures which are appropriate to each.

The purpose of the CDBG ranking process is to assist in the award of the State's limited CDBG funds to the community projects which, overall, best respond to the requirements and objectives of Montana's CDBG Program. Applications for each grant category will be evaluated by applying the ranking criteria to proposed project activities. These criteria have been established to identify projects which are well planned and most clearly further State and national objectives for the CDBG program. Applications will be evaluated against others competing in the same category. The assignment of points provides a means to objectively rank the projects in order of quality. The assignment of points to accomplish this will be done in a manner that is accountable to the criteria in the guidelines. The point weights also provide a mechanism to compare ranking scores to assure that applications are being evaluated consistently and fairly.

Any project under consideration for a CDBG application should be compared against the ranking criteria for the appropriate grant category. Not all the criteria in each category are of equal importance. Each criterion has been assigned a number representing its relative priority or weight. By reviewing the criteria and weight in potential points assigned to them, applicants should have a better sense of the major issues involved in designing a competitive proposal and the relative effort which should be devoted to responding to each criterion. Any person with a question or concern regarding any of the ranking criteria should contact the Department's CDBG staff prior to application.

The individual applications submitted under each project category will vary depending upon the project activities proposed, the size and character of the municipality or county applying, and each applicant's unique response to its own particular community's specific needs. Because no purely quantitative measures exist which can anticipate the variety of potential community development needs and all responses to them, the ranking must be, in part, subjective. In evaluating the applications, the Department will take into account not only how well each applicant addresses the problems it has defined, but also how its problems and response compare with those of other applicants in the same grant category.

##### **A. RANKING PROCEDURES**

Upon submission, Department of Commerce CDBG staff will review each application for completeness and for conformance to federal and State CDBG requirements. An application may be disqualified from a scheduled grant competition if it fails to comply with a general requirement applicable to all CDBG applications or a special requirement for the grant category applied for.

Disqualified applicants will be notified in writing of the reason for disqualification.

Applicants are expected to keep the Department informed of any developments during the review process which could affect the viability of the proposed project. The Department may contact the applicant to obtain omitted information, to clarify issues, or to verify information contained in the application.

Ad hoc ranking teams for each project category will be appointed from State agency staff. Applications will be evaluated by the ranking teams using the appropriate criteria and numerical point systems described in these CDBG application guidelines. The ranking teams will serve in an advisory capacity to the Director regarding the applications that should be considered for CDBG awards.

The Department may supplement application materials, as needed, by consulting public or private agencies knowledgeable about proposed projects or particular community problems. The Department will provide for outside technical review of applications by other public or private agencies or professionals when deemed necessary to assure adequate review. Site visits may be made to the proposed project area for the purpose of verifying or further evaluating information contained in the application.

After reviewing each application and any technical review comments, the ranking team will assess the degree to which the proposed project responds to each of the applicable criteria. Scores will be assigned according to the point values established for the criteria. A failure to respond to a criterion will result in no points being awarded for that criterion. If the ranking team determines that the applicant has inadequately documented specific statements or claims made in responding to a criterion, it may assign the application a lower score than would otherwise have been assigned based on the statement itself. Likewise, numerical or percentage claims will be accepted and considered valid only to the extent to which they are clearly substantiated by accompanying documentation.

Because each application must stand or fall according to its intrinsic merits, representatives of applicants will not participate in the application review and ranking process. In making their evaluations the ranking teams may seek the expertise of outside technical authorities, such as staff from the Department of Health and Environmental Sciences.

The ranking teams will submit their recommendations for grant awards to the Director of the Department for his consideration, based upon the order of scores assigned by the ranking teams for the applicants in each category. The final decision on grant awards will be made by the Director. In the event that the Director revises any of the scores assigned by the ranking teams or selects an application for award other than those recommended by the ranking teams, the Director will prepare a written finding describing the rationale upon which the alternate score was assigned or award was made.

The actual number and types of awards will be subject to funding availability, the amount of each applicant's request, and the procedures set out under "Distribution of Funds." In the event of tie scores, projects will be selected on the basis of the Director's judgment of the overall quality of the proposed projects and their consistency with the goal and objectives of the Montana CDBG Program.

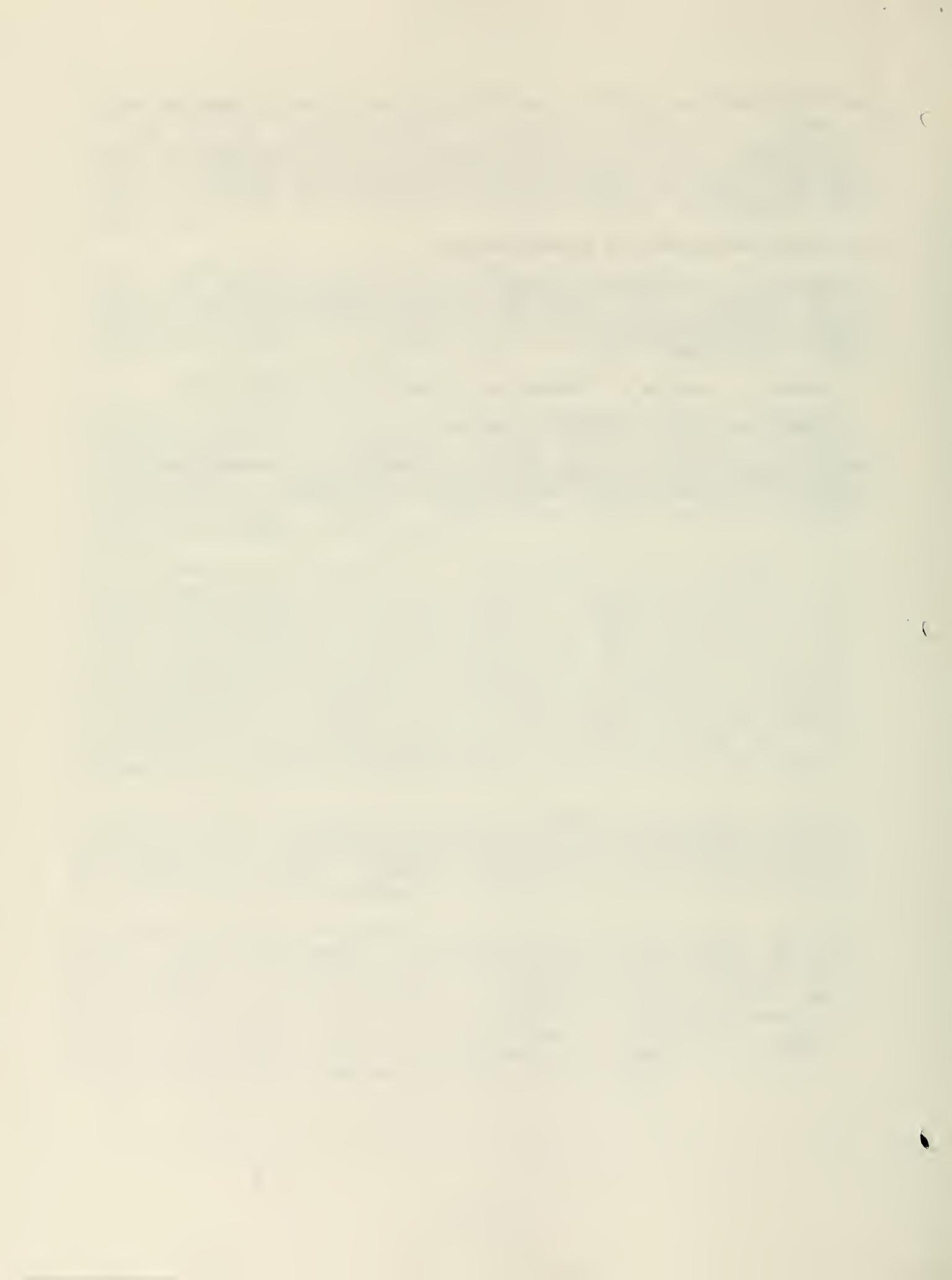
#### **B. SPECIAL REQUIREMENTS AND RANKING CRITERIA**

The special requirements for each grant category which must be met in order for an applicant to be eligible for an award of CDBG funds, as well as the ranking criteria applicable to each grant category are set out in separate chapters of these guidelines:

**Chapter V - Housing and Neighborhood Revitalization Projects, and**

**Chapter VI - Public Facilities Projects.**

Each category has its own set of special requirements and ranking criteria which are used to rank projects applying under that category.



## V. HOUSING AND NEIGHBORHOOD REVITALIZATION PROJECTS

Note: This chapter covers the special requirements and ranking criteria which are applicable to CDBG housing and neighborhood revitalization applications. The chapter must be read in conjunction with Chapter III, General Requirements For All CDBG Applications, which describe the general requirements and policies which are applicable to all applications for CDBG funds.

### A. INTRODUCTION

Of all the three basic types of projects, housing projects provide the highest degree of benefit to low and moderate income families. They create the most direct and dramatic visual impact upon a community by improving the quality of homes and removing blighting influences from local neighborhoods. They also create a significant financial impact upon local communities by providing employment for local contractors and sales for building materials and home furnishings suppliers. In addition, a community can establish a revolving loan fund with repayments from the loans it makes with its initial CDBG to make additional housing rehabilitation loans or public improvements in the future.

The housing and neighborhood revitalization grant category allows a variety of activities which can be directed toward improving or preserving residential areas and providing decent, safe, and sanitary housing for low and moderate income families. Projects should also attempt to eliminate blighting influences within the project area in order to encourage overall revitalization of the neighborhood selected for housing activities.

Some of the activities often associated with housing and neighborhood revitalization projects include: clearance and demolition of deteriorated substandard buildings; property acquisition and provision of public improvements in support of new housing construction; and activities for the physically or mentally disabled, such as the removal of architectural barriers.

A housing and neighborhood revitalization project may consist of one or more activities designed to substantially resolve a community development need. The principal activities must clearly be designed to address needs appropriate to the category and must represent at least two-thirds of the non-administrative project funds requested; other proposed activities must be clearly complementary to and in support of the principal activities and enhance the overall impact of the project. For example, public facilities activities such as water or street improvements can be included in a housing and neighborhood revitalization project which primarily addresses housing rehabilitation and demolition needs because the activities support the neighborhood revitalization strategy and are related to the project objectives.

CDBG recipients have been experimenting with various funding mechanisms to increase the amount of funds available for housing rehabilitation loans by getting local lenders involved in CDBG projects and by encouraging the use of direct low-interest loans to homeowners, rather than grants. HUD has strongly supported these "public-private partnerships" and efforts to "leverage"

private investment in housing rehabilitation through the use of CDBG funds to "buy down" private sector loans to the point where they would be affordable to low and moderate income homeowners. Enough has been learned by Montana communities in recent years to show that programs which involve local lenders or direct loans do not have to be overly complex to be successful and that they are within the administrative capacity of most small communities.

## B. APPLICATION DEADLINE

Applications for housing and neighborhood revitalization grants will be accepted only during the fall 1989 CDBG competition. Applications must be delivered or postmarked on or before October 31, 1989.

## C. SPECIAL REQUIREMENTS

In addition to the general requirements which are applicable to all CDBG projects, applicants for a housing and neighborhood revitalization grant must meet the following special requirements in order to be eligible for an award of CDBG funds.

### 1. Structural Condition Surveys and Maps

In order to provide a common standard to allow for comparison between communities, the Department of Commerce has prepared a model structural condition survey form. Applicants planning to conduct a local survey must use the Department's form. Copies are available upon request from the Department.

Applications for housing and neighborhood revitalization grants must include a map depicting the structural condition of housing units and other buildings within the proposed project area.

The map should graphically represent the results of the local survey by indicating the location and condition of all structures in the proposed project area, including:

- Standard housing units;
- Moderately substandard housing units;
- Substantially substandard housing units; and
- Severely substandard housing units (appropriate for demolition).

The general condition of nonresidential structures within the proposed project area should also be noted, as well as any significant blighting features in the area.

### 2. Targeting of Housing and Neighborhood Revitalization Projects

Housing and neighborhood revitalization projects should be directed or "targeted" towards a single concentrated area of high need in order to assure adequate recognizable impact. For small communities, the most appropriate area may be the entire community. All project activities must take place within the project area boundaries unless specifically approved by the Department.

### 3. Code and Standards Enforcement

"Rehabilitation" includes using CDBG funds to make repairs to substandard residential structures to make them meet or exceed requirements contained in current editions of the following:

- HUD Section 8 Housing Quality Standards;
- HUD Cost-Effective Energy Conservation Standards (CEECS);
- National Electrical Code, as amended;
- Uniform Plumbing Code, as amended;
- Uniform Mechanical Code;
- Uniform Building Code (where rehabilitation involves structures with five or more units, or any commercial buildings);
- CABO (Council of American Building Officials) One and Two Family Dwelling Code, as amended; and
- Any locally adopted codes, such as the Uniform Code for the Abatement of Dangerous Buildings, as amended.

The Montana CDBG Program utilizes the definition of "substandard buildings" contained in the latest authorized edition of the Uniform Housing Code published by the International Conference of Building Officials. (See Appendix C in the City of Havre Housing Rehabilitation Program "Policies and Procedures Manual", available from DOC. A copy of the HUD Section 8 Housing Quality Standards and CEECS are also reprinted in Appendix C of the Havre manual.)

Applicants proposing housing activities must submit a description of their plan to ensure enforcement of the applicable federal and State housing building standards listed above for the housing units to be assisted with CDBG funds.

Permits must be obtained from the Business Regulation Division of the Montana Department of Commerce for all electrical and/or plumbing work undertaken with CDBG funds unless the grant recipient has been certified by the Division to enforce the codes cited above. In such cases, permits will be obtained locally. Grantees will be responsible for assuring that such work is inspected by proper authorities. Options to provide code inspection may include interlocal agreements with governments with existing building departments, arrangements with the Business Regulation Division of the Montana Department of Commerce, or by contracting with qualified, private sector persons.

All electrical and/or plumbing work not done by the owner of a single family structure must be done only by electricians and/or plumbers licensed by the State of Montana. A current listing of licensed individuals is available from the Business Regulation Division of the Montana Department of Commerce.

### 4. Year-around Occupancy

Housing to be rehabilitated with CDBG assistance must be intended for year-around occupancy.

## 5. Affordability of Rents and Loan Repayments

### a. Rents

HUD regulations require that in order for the rehabilitation of multi-unit structures to qualify as benefiting low and moderate income persons, "...the units must be occupied by low and moderate income persons at affordable rents."

Grantees have the option of either establishing their own schedules for affordable rents, or utilizing rent schedules not to exceed the current edition of the "Section 8 Existing Fair Market Rents." This standard specifies maximum rents, including utility costs, by bedroom size, and by county for units available on the open market which already meet decent, safe, and sanitary criteria under federal guidelines, and do not require rehabilitation.

HUD's Fair Market Rents are adopted for the HUD Section 8 program which provides housing for low and moderate income families that cannot afford to pay the prevailing rents in a community. The HUD Fair Market Rents are based on the availability of federal rent subsidies for the families participating in the Section 8 program and because of this the rents are usually higher than market rates. The use of the HUD Section 8 Existing Fair Market Rents to set ceilings on rental units rehabilitated with CDBG funds (for which no rent subsidy is available) will result in establishing rental rates which the absolute maximum which is affordable to low and moderate income families.

As an alternative, grant recipients may establish their own schedules of affordable rents based on actual surveys of prevailing rents in the community for various bedroom sizes of rental units. Consistent with existing policy for other HUD-assisted housing programs, DOC recommends that locally adopted affordable rent schedules be established on the basis of not more than 85% of estimated typical rents in the community, according to the number of bedrooms per rental unit. According to HUD, "the 85 percent figure represents the lowest rent range at which a supply of standard quality units is normally available."

### b. Loan Repayments

Where rehabilitation assistance will be provided through loans to homeowners, grant recipients must incorporate provisions to assure that no more than 30% of a borrower's gross monthly income will be used to repay the principal and interest, plus property taxes and insurance (or 35% if the average cost of monthly utilities is included), in order to assure that the assistance will be affordable. Local governments have the option of establishing lower standards or other debt-to-income ratios which consider other existing debt of borrowers, such as an automobile loan or fixed, long-term medical or day care expenses.

## 6. Mobile Homes

If local guidelines permit the rehabilitation of mobile homes and manufactured houses, the units must conform to the following requirements in order to be eligible for rehabilitation with CDBG funds:

- the unit meets or exceeds the standards established by the National Mobile Home Construction and Safety Standards Act of 1974 (42 USC 5401 et seq.);
- the unit and the land it rests on is in common ownership; and
- upon completion of rehabilitation activities, the unit will be attached to a foundation which cannot reasonably be relocated and which conforms to the Montana Department of Revenue criteria for assessment as an improvement to real property for tax valuation purposes.

The Department will waive these requirements only when it finds, based on information provided by the grantee, that no alternative affordable housing is available for residents of such units in the community.

## 7. New Housing Construction

CDBG funds cannot generally be used for the construction of new permanent residential structures or any program to subsidize or finance new construction, except as provided under the last resort housing provisions set forth in 24 CFR Part 42.

Activities in support of the development of low or moderate income housing including clearance, site assemblage, provision of site and public improvements, and certain housing preconstruction costs are not considered as subsidizing or financing new residential construction, and therefore are eligible for CDBG funding.

Section 105(a)(19) of the federal Housing and Community Development Act now permits CDBG funds to be used to facilitate substantial reconstruction of housing owned and occupied by low and moderate income persons under certain circumstances. The first is where the need for reconstruction was not determinable until after rehabilitation had already commenced. The second is where the reconstruction is part of a neighborhood rehabilitation effort and the Department of Commerce determines that the housing is not suitable for rehabilitation and demonstrates to the satisfaction of HUD that the cost of substantial reconstruction is significantly less than the cost of new construction and less than the fair market value of the property after substantial reconstruction. In the first circumstance, no prior HUD approval is necessary.

## 8. Local Rehabilitation Guidelines

A summary of the local guidelines and procedures to be followed for the proposed housing rehabilitation project must be included in the CDBG application.

Communities have a number of options in designing and implementing a local housing rehabilitation program. The community may define its project area for rehabilitation activity, the persons eligible to receive assistance, the level of rehabilitation activity to be performed, the types of financing techniques to be used, and the contracting and inspection procedures to be followed.

In view of the extent of Montana's needs for rehabilitation of substandard housing and the limited CDBG funds available, the Department of Commerce encourages applicants to address the following in their rehabilitation guidelines:

- special financing techniques to "leverage" CDBG funds to encourage investment by homeowners and lenders, thereby increasing the total amount of funding available in order to assist a greater number of households;
- the targeting of assistance to low and moderate income households identified as having special needs such as those with low incomes, female heads of household, or elderly, handicapped or minority members;
- the establishment of a reasonable ceiling on the amount of funds to be spent on any one household; and
- policies to encourage comprehensive rehabilitation work on individual units to restore them to a safe, decent and sanitary condition and provide a suitable living environment with primary emphasis on addressing basic housing code deficiencies.

#### References for Preparing Local Housing Rehabilitation Program Guidelines

- DOC has copies available of a 1986 HUD publication, Housing Rehabilitation for Small Cities (Second Edition) which includes an excellent discussion of the key issues involved in designing a local CDBG housing rehabilitation program, including an explanation of various techniques for encouraging leveraging private funds and for analyzing applicants' ability to repay rehabilitation loans.
- DOC has reprinted copies of the City of Havre's "Policies and Procedures Manual" for its East End Neighborhood Revitalization Project. The Havre manual includes copies of administrative forms and requirements, including a specification manual.
- DOC also has reprinted copies of the "General Specification Handbook" used in the City of Malta's housing rehabilitation program.
- A workbook prepared for a statewide housing rehabilitation workshop conducted by DOC in 1985 is also available upon request. The workbook contains additional information regarding leveraging techniques, program marketing, and specification writing for rehabilitation bids.
- Copies of Chapter 10, "Housing Rehabilitation," from the 1989 DOC CDBG Grant Administration Manual are available upon request. The chapter includes a discussion of the major issues involved in administering a local housing and neighborhood revitalization project.

## **HOUSING AND NEIGHBORHOOD REVITALIZATION**

### **RANKING CRITERIA**

Housing and neighborhood revitalization applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points, based on the following ranking criteria:

- |    |  |                  |
|----|--|------------------|
| 1. | Needs Assessment and Citizen Participation | 75 Points        |
| 2. | Need                                       | 150 Points       |
| 3. | Community Efforts                          | 50 Points        |
| 4. | Project Strategy                           | 100 Points       |
| 5. | Project Impact                             | 150 Points       |
| 6. | Benefit to Low and Moderate Income         | 200 Points       |
| 7. | Project Management                         | <u>75 Points</u> |
|    | Total                                      | 800 Points       |

**1. NEEDS ASSESSMENT AND CITIZEN PARTICIPATION -- 75 points.**

This criterion will consider:

- the thoroughness of the applicant's community development needs assessment process and citizen participation efforts, including efforts to involve low and moderate income residents;
- the relationship of the proposed project to the needs assessment; and
- the rationale for the selection of the project area.

In applying the "Needs Assessment and Citizen Participation" criterion, the Department will consider whether:

- a. the applicant has thoroughly documented and assessed its overall community housing and related needs as well as the needs within the project area, including the particular needs of both low and moderate income households (including owners and renters) and households which may have special needs such as those with low incomes, female heads of family and minority, elderly or disabled household members;
- b. the applicant has established priorities for dealing with its overall housing and related needs; has reviewed its alternatives for dealing with those needs, taking into account all local, State and federal resources; and has developed a well-reasoned and achievable long-term plan to respond to local housing needs;
- c. there is evidence of active citizen participation, especially that of low and moderate income residents, in the development of the community needs assessment, in the selection of the CDBG project and project area, and of the applicant's efforts to thoroughly address any adverse impacts of the project on low and moderate income residents; and
- d. the applicant has demonstrated a sound rationale describing why the activities proposed are the most appropriate ones to meet the identified needs by discussing the alternatives considered before selecting this option.

Each application will receive points depending upon its overall response to the criterion:

<b>BEST</b>	75 points
<b>ABOVE AVERAGE</b>	56 points
<b>AVERAGE</b>	38 points
<b>BELOW AVERAGE</b>	19 points

## 2. NEED -- 150 points

The need for housing improvements and neighborhood revitalization generally results from the deterioration of the local housing stock or the lack of affordable housing due to an inadequate supply of rental units or due to low incomes and high interest rates and energy costs. Each applicant must provide a narrative which describes the nature of the overall housing needs within the proposed project area and any blighting influences impacting the area.

Applications proposing housing rehabilitation activities must provide a description of the project area including the number and percentage of:

- standard housing units;
- substandard housing units suitable for rehabilitation needing moderate and substantial repair;
- substandard housing units, suitable for demolition; and
- vacant housing units among the above categories.

The description should differentiate between housing conditions for owner-occupied versus rental housing units. The general condition of nonresidential structures within the proposed project area must also be described.

In applying the "Need" criterion, the Department will consider whether:

- a. compared with all other housing applications, the applicant has strongly documented major and serious dilapidation or deterioration, the inadequacy of the project area housing stock and the existence of severe blighting conditions and revitalization needs in the neighborhood, particularly as these conditions affect households identified as having special needs such as those with low incomes, female heads of households, or elderly, handicapped or minority members; and
- b. in the case of housing rehabilitation proposals, the applicant has strongly documented a reasonable percentage of substandard housing units that are suitable for rehabilitation.

The applicants considered to be facing the highest need for housing improvements and neighborhood revitalization will receive the highest score. All other applications will be ranked against the highest scoring applicants as follows:

HIGHEST	150 points
ABOVE AVERAGE	113 points
AVERAGE	75 points
BELOW AVERAGE	38 points

### **3. COMMUNITY EFFORTS -- 50 points**

This criterion will assess the applicant's past and current efforts to resolve its identified housing and neighborhood revitalization needs throughout the community and within the project area through local, State or federal public resources or the private sector. The applicant should outline steps taken to secure financing or other resources, and the results of those efforts.

In applying the "Community Efforts" criterion, the Department will consider whether:

- a. the applicant has demonstrated that the level of local financial participation in the proposed project is the maximum that can reasonably be expected;
- b. the applicant has undertaken or will undertake efforts in the community and/or project area to address the identified housing and neighborhood revitalization needs such as improvements to public facilities; aggressive code enforcement and demolition of unsafe vacant, substandard buildings; community or neighborhood "cleanup," "paint-up," "fix-up" campaigns; or establishment of tax incentives for building remodeling authorized under Montana law (Section 15-24-1501, MCA);
- c. the applicant has documented actual production of housing units for low and moderate income families by a local housing authority or a local, State or federally supported housing sponsor;
- d. the local governing body has officially adopted or will adopt a housing plan and has integrated or will integrate it with its local planning and zoning policies; and
- e. if program income from previous grants for housing rehabilitation has been received, the applicant has documented the successful use of the program income funds to further address the housing needs of low and moderate income households and will commit available funds to the project.

Each application will receive points depending upon its overall response to the criterion:

<b>BEST</b>	<b>50 points</b>
<b>ABOVE AVERAGE</b>	<b>38 points</b>
<b>AVERAGE</b>	<b>25 points</b>
<b>BELOW AVERAGE</b>	<b>13 points</b>

#### 4. PROJECT STRATEGY -- 100 points

This criterion will consider:

- the degree to which the applicant has developed a complete, well reasoned, appropriate and achievable strategy for dealing with identified housing and neighborhood revitalization needs within the project area, taking into consideration all available public and private resources and local capacity; and
- the extent to which the proposed activities represent the applicant's most effective option for achieving maximum impact on identified needs, given the complexity of the needs and the funds available for the proposed project.

In applying the "Project Strategy" criterion, the Department will consider whether:

- a. the proposed financing terms encourage the "leveraging" of private sector resources and will provide for analysis of the financial situation of each housing assistance applicant;
- b. the applicant has designed a comprehensive strategy for dealing with the housing needs of homeowners and renters, income categories, and households having special needs, as well as substandard housing units owned or occupied by households ineligible for CDBG assistance;
- c. the applicant has chosen to target a geographic area of high need, in terms of concentrations of low and moderate income and substandard housing suitable for rehabilitation, which offers a reasonable potential for generating considerable recognizable impact;
- d. all project activities support and implement a comprehensive community housing and neighborhood revitalization strategy;
- e. the applicant is coordinating all available resources, both public and private, with CDBG activities to respond to the identified housing and revitalization needs in order to achieve maximum impact from limited CDBG funds and benefit to low and moderate income persons. For example, this could include coordinating with Human Resource Development Councils and utility companies to obtain funds for weatherization or for energy audits and low interest loans for energy-saving improvements, or coordinating with FmHA for housing preservation grants or construction of new units;
- f. the applicant will undertake specific local actions to address identified problems in the project area through code enforcement or improvements to public facilities, such as repairs of the water or sewer system;
- g. the applicant will provide related housing services to the community in support of the housing and neighborhood revitalization project such as housing rehabilitation counseling, provision of rehabilitation

workshops for non-CDBG eligible residents, or outreach or referral programs to publicize non-CDBG options for financing home improvements;

- h. the proposed financing terms and techniques, as well as proposed use of any program income expected to be generated, are appropriate to and affordable for the income levels of community residents and consistent with prudent management of scarce public funds;
- i. the applicant has realistically assessed potential response to the program design which has been selected, given local income levels, tenure types, and population characteristics;
- j. the proposed project is feasible, given the level of identified needs, time schedule, and available resources;
- k. the number and type of housing units and the CDBG cost per unit to be assisted, as well as the extent of improvements proposed, are reasonable when compared with other applicants which propose similar activities.
- l. if land assemblage is proposed, firm commitments have been obtained for new construction on the sites to be acquired;
- m. if acquisition and demolition is proposed, occupancy of the units identified as requiring clearance has been determined, and an appropriate relocation strategy has been developed; and

Each application will receive points depending upon its overall response to the criterion:

<b>BEST</b>	<b>100 points</b>
<b>ABOVE AVERAGE</b>	<b>75 points</b>
<b>AVERAGE</b>	<b>50 points</b>
<b>BELOW AVERAGE</b>	<b>25 points</b>

## 5. PROJECT IMPACT -- 150 points

This criterion will consider:

- the degree to which the identified needs will be met by the proposed project;
- the degree to which any proposed secondary CDBG activities are clearly complementary to and in support of the principal housing activity and enhance the overall impact of the project; and
- the applicant's efforts to avoid adverse impacts from the project.

In applying the "Project Impact" criterion, the Department will consider whether:

- a. the project involves "leveraging" of funds or is supported by local private investments with firm commitments from developers and financial institutions, and therefore, a high likelihood exists that additional housing units will be created or rehabilitated beyond that possible using CDBG funds alone;
- b. the project would rehabilitate a higher proportion of substandard units in a project area than competing applications which address only a small portion of the substandard units (housing rehabilitation goals considered infeasible or unrealistic will be discounted);
- c. the applicant is dealing with as much of the identified problem as reasonable within funding constraints;
- d. the proposed activities will directly relate to and significantly address with substantial benefit, the identified needs of especially needy households;
- e. the project will expand housing opportunity and choice for low and moderate income persons through the provision of housing which was not available previously, such as facilitating the construction of new housing;
- f. the applicant is prepared to enforce the Uniform Code for the Abatement of Dangerous Buildings to eliminate dilapidated or deteriorated buildings, including the clearance of a substantial portion of vacant housing units which cannot be economically rehabilitated;
- g. the applicant will avoid adverse impact on the environment, including historic resources, and avoid adverse impact from displacement of individuals which may result from the proposed activities; and
- h. for projects involving improvements to public facilities as part of a coordinated housing and neighborhood revitalization project, the applicant has:

-- taken steps to assure that low and moderate income households will not be adversely affected financially by increased assessments or service charges; and

-- described how the public facilities activities will relate to the overall system and have a substantial impact on the identified deficiencies.

**Each application will receive points depending upon its overall response to the criterion:**

BEST	150 points
ABOVE AVERAGE	113 points
AVERAGE	75 points
BELOW AVERAGE	38 points

## 6. BENEFIT TO LOW AND MODERATE INCOME -- 200 points

This ranking criterion assesses the extent to which CDBG funds will be used to benefit low and moderate income persons by dividing the total amount of non-administrative CDBG funds proposed to be used to benefit low and moderate income households by the total amount of non-administrative CDBG funds requested by the applicant.

Under federal law, CDBG-funded housing activities can be considered to benefit persons of low and moderate income only to the extent that the housing will, upon completion, be occupied by low or moderate income persons.

Applicants will be assigned four points for each percentage of benefit to low and moderate income persons over fifty percent. Fractional percentages will be rounded to the nearest whole number. Documentation for benefit to low and moderate income persons must be consistent with the Department of Commerce guidelines, Documenting Benefit to Low and Moderate Income Persons, and described on the form provided in those guidelines.

## 7. PROJECT MANAGEMENT -- 75 points

This criterion will assess the soundness and appropriateness of the applicant's plan for assuring proper management of the CDBG project, including financial management of grant funds, compliance with State and federal requirements, and effective and timely start-up and completion of project activities.

In applying the "Project Management" criterion, the Department will consider whether:

- a. the applicant has thoroughly considered the administrative and technical issues involved in the proposed housing project and has developed appropriate responses to them. For instance, for a housing rehabilitation project, the applicant has defined the mechanisms and procedures for conducting rehabilitation loan and/or grant negotiations with homeowners, linkages with area financial institutions, rehabilitation cost estimates, bidding and contracting procedures, construction supervision and inspections, building code inspections, energy audits, coordination with other related programs (weatherization or rental rehabilitation), and maintenance training for homeowners;
- b. a realistic rehabilitation cost per unit has been estimated in relation to the rehabilitation standard the applicant proposes to achieve, the severity of needs described in the application, and the types of housing units to be addressed;
- c. the applicant has considered staffing needs for day-to-day project management and financial management and has developed preliminary positions, including qualifications and experience levels, or has identified the persons to whom these tasks will be assigned;
- d. all budgeted costs and the proposed implementation schedule are clearly reasonable and well supported;
- e. a realistic and reasonable administrative cost per unit has been proposed, including general administration, inspections, work write-ups, travel, meetings with contractors, and applicant eligibility screening;
- f. the applicant has demonstrated adequate pre-planning to ensure that project activities can commence quickly if funds are awarded and that firm commitments exist for any other public or private resources to be involved in the project;
- g. if leveraging or other special financing techniques are proposed, the applicant has developed a sound administrative mechanism; has provided thorough documentation in support of any claims for leveraged funds; and has demonstrated that the proposal is appropriate and feasible given the resources of the applicant and the lending institution to be involved;
- h. if acquisition, demolition or displacement are proposed, the applicant has thoroughly considered the administrative and technical issues,

mechanisms and procedures that will be involved in carrying out these activities;

- i. if other funding sources or organizations will be involved in the project, the applicant has described how these will be coordinated and directed;
- j. if income is to be generated by CDBG-funded activities, a plan has been developed for the use of that money, and a mechanism has been established for its administration. (If a revolving loan fund is to be established with project income, procedures must be outlined covering loan application processing, approval, negotiation, pricing, packaging, servicing, etc.);
- k. if existing structures are to be rehabilitated for multiple family housing or if activities in support of new housing construction are proposed, the applicant has provided additional applicable information such as preliminary site and/or floor plans, and has addressed issues such as compliance with handicapped access, prevailing wage rates and local zoning requirements; and
- l. if a previous grantee under the State CDBG Program, performance of project management responsibilities has been above average or superior.

Each application will receive points depending upon its overall response to the criterion.

BEST	75 points
ABOVE AVERAGE	56 points
AVERAGE	38 points
BELOW AVERAGE	19 points



## VI. PUBLIC FACILITIES PROJECTS

**Note:** This chapter covers the special requirements and ranking criteria which are applicable to CDBG public facilities applications. The chapter must be read in conjunction with Chapter III, General Requirements For All CDBG Applicants, which describes the general requirements and policies which are applicable to all applications for CDBG funds.

### A. INTRODUCTION

Public facilities projects must be designed to improve public facilities principally serving low and moderate income persons within a neighborhood or a community.

Some of the eligible activities under this category include water and sewer facilities, solid waste disposal facilities, street improvements, property acquisition for public facilities, nonresidential senior or handicapped centers, and neighborhood facilities providing community services to residents of a project area. Activities may also include direct assistance to low and moderate income families such as payment of assessments or hookup charges for public improvements.

In selecting activities for a public facilities application, communities should be aware that although an activity is legally eligible under the federal statute and HUD regulations, it may not be competitive under the guidelines and ranking system incorporated in the Montana CDBG Program. For example, while parks or recreation facilities, as an individual project, are eligible under the federal statute, historically, the CDBG project evaluation criteria and the high demand for the limited CDBG funds have not made an application for those types of activities competitive. To date, under the Montana CDBG Program, applications for water, sewer, and solid waste projects have been the most competitive types of public facility applications. Other types of public facility projects, such as rehabilitation of a structure providing Head Start-child care services, have also been proven to be competitive where a very high benefit to low and moderate income persons can be demonstrated.

Any project under consideration for a CDBG application should be compared against the ranking criteria before a decision is made to prepare an application. If you have questions regarding a particular project under consideration in your community, contact the Department of Commerce CDBG staff for guidance.

Special purpose agencies, such as water or sewer districts or associations, considering public facility improvements should carefully review the section for "Eligible Applicants".

### B. APPLICATION DEADLINE

Applications for public facility grants will be accepted only during the fall 1989 CDBG competition. Applications must be delivered or postmarked on or before October 31, 1989.

### C. FEDERAL REQUIREMENTS REGARDING ASSESSMENTS AND HOOKUP CHARGES

The federal Housing and Community Development Act imposes special requirements on projects which will be financed, in part, by hookup charges or assessments on property, such as through a special improvement district. If a community intends to finance its public facility project through the creation of a special improvement district (SID) and is requesting CDBG funds to financially participate in the project, the community would be required to use CDBG funds to pay the entire SID assessment for each low and moderate income household within the project area. If the community determines that the CDBG grant amount is not high enough to allow it to pay assessments for all low and moderate income persons, it would certify that fact to the Department of Commerce, and in this event either:

- provide sufficient CDBG funds to pay all the assessments for low income households only, or
- use a portion of the CDBG funds to pay for all low income households, and distribute the balance of CDBG funds remaining among moderate income households by prorating the amount of CDBG assistance in proportion to the level of household income.

Applicants having any questions regarding this requirement should contact the Department of Commerce CDBG staff for guidance.

**Note:** The above requirements do not apply to public facilities that will be financed through the issuance of revenue bonds.

## PUBLIC FACILITIES RANKING CRITERIA

Public facility applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points:

1.	Needs Assessment and Citizen Participation	75 Points
*2.	Need for Project Activities	150 Points
*3.	Appropriateness of the Technical Design	100 Points
*4.	Operation and Maintenance	50 Points
5.	Community Efforts	50 Points
6.	Need for CDBG Assistance	100 Points
7.	Overall Benefit to Low and Moderate Income	200 Points
8.	Project Management	<u>75 Points</u>
	Total	800 Points

\* These criteria will be evaluated by the Montana Department of Health and Environmental Sciences for water, sewer, or solid waste projects.

## **1. NEEDS ASSESSMENT AND CITIZEN PARTICIPATION -- 75 POINTS**

**This criterion will assess:**

- the thoroughness of the applicant's needs assessment process and citizen participation efforts, including efforts to involve low and moderate income residents;
- the relationship of the proposed project to the needs assessment;
- the rationale for selection of the project;
- the degree to which the applicant has developed a reasonable, complete, and appropriate strategy for dealing with its public facility needs in relation to its financial capacity and available sources of funding; and
- the degree to which the needs of low and moderate income residents have been considered by the applicant and how the proposed project will benefit low and moderate income persons.

In applying the Needs Assessment and Citizen Participation criterion, the Department will consider whether:

- a. there is evidence of active citizen participation, including low and moderate income residents, in the development of the community needs assessment, in the selection of the CDBG project and project area, and of the applicant's efforts to thoroughly address any potential impacts of the project on low and moderate income residents;
- b. the applicant has reviewed its alternatives for addressing its community development needs, taking into consideration all local, State and federal sources and has developed a thorough and achievable long-term plan with step-by-step actions necessary to respond to local needs;
- c. the applicant has assessed its public facility needs, including the needs of households with lower incomes, and has identified and documented its deficiencies and established priorities for dealing with them;
- d. the applicant has described the technical alternatives considered before selecting the proposed option for resolving its public facility need and has developed a well-reasoned and achievable proposal;
- e. the applicant has proposed improvements necessary in order to comply with a mandate or similar order from the Montana Department of Health and Environmental Sciences and has made all reasonable efforts to assess the need for the mandated improvement as compared to its other community development needs;
- f. the applicant has considered the financial impact which would be imposed on low and moderate income households as a result of project activities such as increased service rates, hookup charges or tax assessments;

- g. the applicant has proposed administratively sound, cost-effective means of minimizing adverse financial impacts or maximizing benefits, such as establishing a metered water system to allocate costs on the basis of use or payment of assessments, hookup fees or water meter installation charges for low and moderate income households;
- h. the estimated cost per household has been discussed and is documented in the public hearing minutes and affected property owners have been informed of the amounts of any anticipated increases in assessments or user charges through public hearings or other consultations and are in support of the project;
- i. the local governing body has officially adopted a public facilities plan or a capital improvements program and the proposed CDBG project is an integral part of that plan; and
- j. in cases where the proposed project will not completely resolve the community's public facilities need, the project is consistent with an adopted capital improvements program and represents a complete component of the overall program.

**Each application will receive points depending upon its overall response to the criterion:**

<b>BEST</b>	<b>75 points</b>
<b>ABOVE AVERAGE</b>	<b>56 points</b>
<b>AVERAGE</b>	<b>38 points</b>
<b>BELOW AVERAGE</b>	<b>19 points</b>

## 2. NEED FOR PROJECT ACTIVITIES -- 150 points

This ranking criterion will consider the overall need for the activities to be addressed with CDBG funds. In documenting the need for the proposed CDBG project activities, applicants should address, as appropriate:

- the degree to which the public facilities problem to be addressed with CDBG funds affects the public's health and safety, who is affected, and how;
- the immediacy of the public facilities problem to be addressed with CDBG funds, including the cause of the problem, how long the problem has existed, and/or how often it has reoccurred; and
- whether the proposed activities to be addressed with CDBG funds are necessary to comply with a court order or a State agency mandate.

The need for the proposed project activities will be assessed by using existing criteria or recommendations of other appropriate public or private agencies, whenever possible. When necessary, the Department will seek technical review by appropriate agencies to evaluate proposals. The Montana Department of Health and Environmental Sciences will be asked to review all public facility proposals involving water, sewer or solid waste activities and to recommend a ranking score for each.

Priority will be given to projects which are designed to complement local efforts to eliminate serious and immediate threats to the public's health or safety. This criterion will assess the overall need for the specific activities proposed to be funded with CDBG funds. Combining high priority activities with activities considered to be lower priority could result in the assignment of a lower overall rank. In order to document that serious conditions exist, applicants should submit written verification by a public or private agency other than the applicant (a statewide agency, if possible) that existing conditions pose a threat to the health or welfare of the community or targeted population group.

In applying the "Need for Project Activities" criterion, the reviewing agency will consider whether the applicant has thoroughly documented through technical reports and public or private agency comments that:

- a. a serious deficiency exists in a basic or necessary community public facility or service, such as the provision of a safe domestic water supply (or that the community lacks the facility or service entirely);
- b. circumstances clearly attributable to a deficiency have occurred, or are likely to occur, such as serious illness, disease outbreak, substantial property loss or serious environmental pollution;
- c. the entire community or a substantial portion of the residents of the community are seriously affected by the deficiency; and
- d. the problem is existing, continual, and chronic as opposed to occasional, sporadic, probable or potential.

Applicants proposing CDBG-funded activities which, overall, are considered to be addressing the most severe and immediate needs will receive the highest score.

Each application will receive points depending upon its overall response to the criterion:

MOST SEVERE AND IMMEDIATE	150 points
ABOVE AVERAGE	113 points
AVERAGE	75 points
BELOW AVERAGE	38 points

### **3. APPROPRIATENESS OF THE TECHNICAL DESIGN -- 100 points**

Applicants for public facility projects must provide a preliminary engineering or architectural plan or studies which is sufficiently detailed to describe the scope of the problem to be addressed as well as the components of and estimated costs for the proposed facility or improvements. The report should describe the technical alternatives considered to deal with the identified problem, the cost projections for each, and the rationale for the selection of the proposed alternative.

Any special features in the project area which will result in an unusual facility design or a costly design (e.g. lack of right-of-way, topography) should be described. Applicants should also indicate the sources of cost estimates for each activity.

This criterion will also consider the degree to which the project thoroughly addresses the problem and provides a reasonably complete and long-term solution in relation to the applicant's financial capacity and available funding sources. When necessary, the Department will seek technical review by appropriate agencies. The Montana Department of Health and Environmental Sciences will be asked to review all public facility proposals involving water, sewer, or solid waste activities and to recommend a ranking score for each.

In applying the "Technical Design" criterion, the reviewing agency will consider whether:

- a. the technical design for the project represents the most efficient, appropriate, and cost effective option for resolving the local public facility need, considering the size and resources of the community, the complexity of the problems addressed, and the cost of the project; and
- b. the proposed costs for the budgeted technical activities for resolving the problem are reasonable.

Each application will receive points depending upon its overall response to the criterion:

BEST	100 points
ABOVE AVERAGE	75 points
AVERAGE	50 points
BELOW AVERAGE	25 points

#### **4. OPERATION AND MAINTENANCE -- 50 points**

Applicants must provide a description of their plan to physically and financially maintain the proposed public facility project, or the total system of which the project is a component, over the long term after construction.

This criterion will principally assess the applicant's past performance in assuring adequate financial support and ongoing operation and maintenance, including training and certification of public works operators. This criterion will also consider the soundness and thoroughness of the applicant's long-term plan for financial and physical operation and maintenance of the facility or the overall system, of which the project may be a component. The Montana Department of Health and Environmental Sciences will be asked to review all public facility proposals involving water, sewer, or solid waste activities and to recommend a ranking score for each.

In applying the "Operation and Maintenance" criterion, the reviewing agency will consider whether:

- a. the applicant has demonstrated that reasonable operation and maintenance costs have been and will be supported by the community over the long-term, including adequate reserves for repair and replacement; and
- b. if applicable, adequate training for maintenance staff and licensed operators is provided;
- c. if applicable, the applicant has thoroughly explained the circumstances and described the actions that will be taken in the future to assure that the problem will not reoccur, if there are indications that the problem is not of recent origin or has developed because of inadequate operation and maintenance practices.

Each application will receive points depending upon its overall response to the criterion:

<b>BEST</b>	<b>50 points</b>
<b>ABOVE AVERAGE</b>	<b>38 points</b>
<b>AVERAGE</b>	<b>25 points</b>
<b>BELOW AVERAGE</b>	<b>13 points</b>

## 5. COMMUNITY EFFORTS -- 50 points

This criterion will assess the applicant's efforts to secure alternative or additional funds from appropriate public and private sources to finance the proposed project.

In documenting a public commitment, the public agency must specify the amount and use of the funds or resources. Funds or resources committed by a local government must take the form of a resolution by the governing body which specifies the approximate amount of the commitment. Funds or resources from a State or federal agency must be documented by a letter of commitment from the agency involved. The commitment of funds or resources may be made on the condition that CDBG funds are made available for the activity proposed to be undertaken.

In applying the "Community Efforts" criterion, the Department will consider whether:

- a. the applicant has made every reasonable effort to thoroughly seek out and secure alternative or additional funds from all appropriate public or private sources to finance or assist in the financing of the proposed project;
- b. the applicant provides evidence of serious efforts to apply to, and to meet any applicable requirements of, all appropriate State or federal agencies or programs to secure the commitment of alternative or additional funds;
- c. the applicant has demonstrated that conventional private financing has seriously been considered, such as through the issuance of revenue bonds or the creation of a special improvement district; and
- d. the applicant is ready to proceed with the project following normal CDBG grant start-up procedures and alternative funding sources are committed or nearly in place.

Each application will receive points depending upon its overall response to the criterion:

BEST	50 points
ABOVE AVERAGE	38 points
AVERAGE	25 points
BELOW AVERAGE	13 points

## 6. NEED FOR CDBG ASSISTANCE -- 100 points

The "Need For CDBG Assistance" criterion will assess the degree to which the applicant has clearly documented that its request for CDBG financial assistance is necessary and reasonable, relative to its financial capability and the amount of CDBG assistance requested per benefiting household, in comparison to other applications.

CDBG funds should be requested only for the difference between the total cost of a project and the amount of funds that an applicant can reasonably provide. Each community is expected to contribute a reasonable share of project costs and to request the least amount of CDBG funds necessary to complete a project.

In order to be eligible for an "above average" or higher score, applicants for CDBG public facility grants must contribute local funds equal to 25 percent of the non-administrative CDBG funds requested as part of their project budget. For example, if a community intends to request \$200,000 in CDBG funds for assistance in financing engineering and construction costs, it would have to provide a \$50,000 matching contribution.

The local share of the non-administrative (construction and engineering) budget may be provided either by a direct cash contribution or by incurring a loan or issuing bonds to be paid through user charges or property tax assessments. "In-kind" services (such as land, labor or materials), debt incurred prior to grant application, or grants from other sources would not be eligible to document the applicant's local share of project costs.

For the purposes of ranking this criterion, the Department will consider this level of effort the standard for comparing local participation in the proposed project's non-administrative costs.

The Department will waive this standard for ranking local financial participation for water and sewer projects where:

1. The annual average water or sewer rate, even with CDBG assistance, would exceed one percent (1%) of the median family income for the city, town, or county census division in which the project is located, (according to the table presented in Appendix F); or
2. The bonded indebtedness for the water or sewer utility, even with CDBG assistance, would be greater than \$1,000 per household for the project area.

In those cases where an applicant is proposing to address two or more utilities in one project, such as both water and sewer, the above standards would apply to the "higher cost" utility, for example, the utility with the higher user rate or higher per household bonded indebtedness.

For public facility projects other than those involving water or sewer, the Department will consider waiver of the local match standard where other indicators of financial capacity clearly indicate that local financial participation is not reasonable or appropriate.

The amount of non-administrative CDBG funds requested per household for the project area must be reasonable relative to other applicants. In no case should the request exceed \$10,000 per household, unless both of the tests in section 1 and 2 above are first met.

At a minimum, each applicant should provide the following information for the current fiscal year (as applicable for the type of project and financing mechanism proposed):

1. Taxable valuation of the applicant jurisdiction;
2. Number of mills levied within the project area by:
  - a. the applicant (general purpose local government),
  - b. the local school district, and
  - c. any other taxing jurisdictions applicable to the project area;
3. For all public facilities with existing or proposed user fees the:
  - a. existing average monthly service rate for the service to be assisted;
  - b. anticipated average monthly rate for the service, with CDBG assistance; and
  - c. anticipated average monthly rate for the service, without CDBG assistance.

Note: For water projects, the existing and anticipated rates must be based on 10,000 gallons monthly consumption per residential household. For the calculation of anticipated rate increases, with and without CDBG assistance, the applicant must specify the interest rate, term, and amount to be financed.

4. Total existing bonded indebtedness of, including a description of the sources of debt:
  - a. the city or town, if a municipality,
  - b. the county, if a county-wide project, or
  - c. the sewer, water or solid waste district, if applicable.
5. If applicable, the amount of any non-obligated local government cash reserves exceeding \$25,000 or more currently in certificates of deposits or other similar savings accounts.

Forms for listing the above information are available from the Department of Commerce. The applicant should identify the source(s) of supporting data for all information provided in response to this criterion.

In responding to this criterion, the applicant should document local financial constraints such as existing mill levies set at the legal ceiling, outstanding indebtedness at or approaching the limits set by State law, bonding capacity insufficient to fund the entire project, continued past increases in service rates, and/or existing or proposed service rates that are well above average.

In applying the "Need for CDBG Assistance" criterion, the Department will consider whether:

- a. the applicant will contribute local funds equal to 25 percent of the non-administrative CDBG funds requested, unless the criteria for waiver have been met;
- b. all avenues to fund the proposed project with local resources have been exhausted;
- c. the proposed project could not reasonably be accomplished without CDBG assistance to fill a financial gap;
- d. low and moderate income households are concentrated in the project area, or would be principal beneficiaries of the public facility, and a thorough analysis of project costs clearly documents the residents' lack of ability to pay the projected costs without CDBG assistance;
- e. the proposed level of local financial participation in the project is the maximum that can reasonably be expected; and
- f. the amount of CDBG funds per household to be assisted does not exceed \$10,000 per household, unless the criteria for waiver has been met.

Each application will receive points depending upon its overall response to the criterion:

BEST	100 points
ABOVE AVERAGE	75 points
AVERAGE	50 points
BELOW AVERAGE	25 points

## **7. OVERALL BENEFIT TO LOW AND MODERATE INCOME -- 200 points**

In order for a public facilities project to be funded, it must be identified as an activity principally benefiting persons of low and moderate income. In addition, the activity shall either:

- a. be carried out in a neighborhood consisting predominately of persons of low and moderate income and provide services for such persons; or
- b. involve facilities designed for use predominately by persons of low and moderate income.

This ranking criterion assesses the extent to which CDBG funds will be used to benefit low and moderate income persons by dividing the total amount of non-administrative CDBG funds proposed to be used to benefit low and moderate income households by the total amount of non-administrative CDBG funds requested by the applicant.

Applicants will be assigned four points for each documented percentage of benefit to low and moderate income persons above fifty percent. Fractional percentages will be rounded to the nearest whole number.

Documentation for benefit to low and moderate income must be consistent with the Department of Commerce guidelines, Documenting Benefit to Low and Moderate Income Persons, and described on the form provided in those guidelines.

## 8. PROJECT MANAGEMENT-- 75 points

This criterion will assess the soundness and appropriateness of the applicant's plan for assuring proper short and long-term management of the CDBG project, including financial management of grant funds, compliance with State and federal requirements, and effective implementation of project activities.

In applying the "Project Management" criterion, the Department will consider whether:

- a. the applicant has demonstrated that the activities are feasible and achievable, taking into consideration the size and resources of the community and the budget and implementation schedule proposed, and can be conducted consistent with applicable State and federal requirements;
- b. the applicant has demonstrated adequate pre-planning to ensure that project activities can commence quickly if funds are awarded and that firm commitments exist for any other resources to be involved in the project;
- c. the applicant has incorporated features in the overall project design to assure that sound management concepts are followed for the long-term. For example, when proposing major improvements to a community water system, the applicant will institute water metering to encourage conservation and a more equitable assignment of user costs;
- d. the applicant has addressed environmental concerns or is in the process of addressing them and there appear to be no major problems, or appropriate resolutions for identified problems have been described;
- e. the applicant has identified (or developed position descriptions for) the person or persons who will be responsible for day-to-day project management and financial management or has identified any services which will need to be contracted for to carry out the project;
- f. in cases where direct financial assistance to low and moderate income persons is proposed, the applicant:
  1. has developed a sound and cost-effective targeting mechanism which is appropriate and feasible given the administrative resources of the applicant;
  2. has provided thorough documentation in support of any claims of benefit to low and moderate income persons; and
  3. can assure completion of the targeting assistance within the term of the project.
- g. in cases where more than a single funding source or organization is involved, the applicant has described how these will be coordinated and directed;
- h. in cases where the applicant is a previous grantee under the State CDBG Program, performance of project management responsibilities has been above average or superior.

When an applicant proposes the "targeting" of financial assistance to low or moderate income households, such as payment of assessments or hookup charges for a water or sewer system, this factor will also consider whether the financial and administrative mechanisms proposed are cost-effective, consistent with the applicant's capacity, and appropriate to the normal term of a CDBG project.

Each application will receive points depending upon its overall response to the criterion:

BEST	75 points
ABOVE AVERAGE	56 points
AVERAGE	38 points
BELOW AVERAGE	19 points

## VII. PROCEDURES FOR GRANT AWARD

### A. ANNOUNCEMENT OF RANKING RESULTS AND GRANT AWARDS

As soon as possible after the selection of applicants to receive awards is completed, the Director will notify all applicants of the final results in writing. A summary of the final ranking results will be provided to each applicant.

Funds will be tentatively allocated to the selected applications. The tentative allocation of funds does not imply approval of all activities or costs proposed in the selected application. The proposed work program and budget may be subject to minor modification during subsequent contract negotiations between the applicant and the Department. The formal award of funds will be contingent upon the execution of a contract between the applicant and the Department in accordance with all applicable federal and State requirements.

### B. RE-RANKING OF APPLICATIONS

Re-ranking may be considered in the event that an applicant tentatively selected to receive CDBG funds is unable to substantiate information contained in the application which may have been a determining factor in the ranking score received or if an applicant requests modification of any activities proposed in the original applications. (See procedures under Section H, Grant Amendment, Chapter VIII, PROJECT START-UP PROCEDURES.)

### C. APPLICATION REVIEW

Department of Commerce CDBG staff will review applications with applicants on request to discuss the evaluation and ranking of their applications.

A file will be maintained for each application. After grant awards have been announced, the application files will be available for public review upon request in the Department's offices in Helena, Montana.

### D. APPLICANT APPEAL

Appeals will be granted only on the basis of miscalculation of the arithmetic scores. In the event that the Department determines that a miscalculation of scores occurred and resulted in an application not being selected for funding that otherwise would have been selected, the Department will reserve funds from the fiscal year 1990 CDBG State allocation sufficient to fund that application. Those funds will be made available as soon as is practicable. If any other applicant tentatively selected for fiscal year 1989 funding is unable to fulfill the conditions required to secure a final commitment of funds, the tentative grant commitment to that applicant will be withdrawn and made available to that applicant erroneously scored. The reservation of the 1990 CDBG funds would then be adjusted or cancelled, as appropriate.

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## VIII. PROJECT START-UP PROCEDURES

### A. AMOUNT OF GRANT AWARD

Funds will be tentatively awarded to selected applications by the Department of Commerce. While grant ceilings establish the maximum amounts which may be requested, individual grants will be awarded only in amounts appropriate to the scope of the identified problem, the proposed project activities, and the needs, resources and administrative capacity of the applicant. Tentative amounts greater or less than the amount originally requested may be awarded, at the discretion of the Department. The tentative award of funds does not imply approval of all activities or specific costs proposed in the selected application. The proposed work program and budget may be subject to modification during subsequent contract negotiations between the applicant and the Department. The Department will not grant additional funds to pay for project costs which exceed the contract grant award.

In the event a project can be completed for less than the grant amount, the difference between actual project costs and the original grant award will be reserved by the Department for unfunded or inadequately funded projects or added to the following fiscal year's CDBG allocation. The Department will amend the grant contract to reflect the reduced costs.

In certain circumstances excess funds may be used for an eligible activity which further enhances the contracted project. Before the Department makes a determination to allow the additional activity, the grantee must demonstrate that the activity will: clearly enhance the overall impact of the original project; provide adequate benefits to low and moderate income persons; be completed in a timely manner; and be able to be completed with the excess funds. The grantee must have also demonstrated satisfactory progress toward completion of the original contracted project activities.

### B. PROJECT START-UP REQUIREMENTS

Within three months of the date of the announcement of the tentative grant award by the Montana Department of Commerce, each applicant selected for CDBG funding must execute a grant contract with the Department.

Within six months of the date of the announcement of the tentative grant award by the Department, each applicant selected for CDBG funding must:

- comply with all applicable State and federal requirements for project start-up;
- establish with the Department a mechanism for transfer of CDBG funds to the grantee; and
- submit an acceptable management plan and schedule for local CDBG project administration and implementation; and
- fulfill other appropriate contract terms established by the Department.

In the event that these conditions have not been met, the tentative award will be withdrawn and the funds reallocated according to the State CDBG Program project ranking and grant award procedures, unless the tentative grantee can

demonstrate the existence of unusual or extenuating circumstances that would justify an extension of time to meet these conditions.

No applicant which has been tentatively selected for CDBG funding may obligate or incur costs for CDBG funds until specifically authorized in writing by the Department. Funds obligated or expenses incurred without proper authorization will be the responsibility of the grantee and cannot be reimbursed by CDBG funds at a later date. Incurring costs includes actions such as hiring staff or entering into a contract for engineering or management services or for acquisition of land.

It will take at least two months before any funds will actually be received. This delay occurs because several activities must take place in the interim. For example, the contract between the grantee and Department must be prepared, the grantee must conduct a review of environmental factors, and all the details for assuring proper management of the project and the federal funds must be finalized.

#### C. GRANT CONTRACT

After an application is tentatively selected for funding, a grant contract will be prepared. The grant contract is the legal document which governs the administration of the grant and includes the following items:

- the amount of CDBG funds to be provided;
- a detailed budget for the CDBG funds and any other funds involved in the project;
- the schedule for implementation of project activities and the scope of work to be completed; and
- the general and special terms and conditions associated with the grant.

The application as approved will become part of the grant contract.

No CDBG funds will be released to the grantee until a grant contract is fully executed and all project start-up requirements complied with.

#### D. COMPLIANCE WITH STATE AND FEDERAL REQUIREMENTS

It is the responsibility of all CDBG grantees to comply with all applicable federal and State laws, executive orders, and regulations affecting their projects. The Department will conduct training sessions to familiarize local officials of the recipient communities with these requirements. Participation is mandatory.

#### E. COMMITMENT OF NON-CDBG RESOURCES

Grantees which will require private, or local, State or federal public resources, in addition to CDBG funds, to implement a proposed CDBG project must have completed, within six months of the date of the announcement of the tentative grant award by the Department of Commerce, all necessary arrangements to assure that those resources are available for commitment to and participation in the project in order to guarantee timely project

completion. Unless the tentative grantee can demonstrate the existence of unusual or extenuating circumstances that would justify an extension of time, the tentative award will be withdrawn and the funds reallocated. The Department encourages applicants to secure firm commitments from all non-CDBG funding sources prior to submission of their CDBG application.

No CDBG funds will be released to the grantee until firm commitments are available for all non-CDBG resources to be involved in a project. No CDBG funds, other than for administrative purposes, may be obligated or incurred until this condition is released by the Department.

#### **F. PROJECT MONITORING**

During the course of the local CDBG project, the Department will monitor each grantee through periodic on-site visits and written progress reports, so that any problems which might occur may be resolved as soon as possible. It is the Department's goal to assist and support grantees in complying with applicable State and federal requirements and in implementing their project activities.

Grantees will be required to maintain complete financial and program files, and to comply with program reporting requirements. Representatives of the Department must be provided reasonable access to all books, accounts, records, reports and files pertaining to CDBG funded activities. Grantees must also provide citizens with reasonable access to records regarding the use of CDBG funds.

#### **G. TIMELY PROJECT COMPLETION**

The grant requested, either by itself or in combination with other previously identified funding sources, must be sufficient to complete the proposed activities within the contract period. The contract period is normally 18-24 months from the date of the announcement of the tentative grant award by the Department. The Department will consider each project separately during grant contract negotiations in order to establish a reasonable and realistic date for project completion.

The Department of Commerce reserves the right to withdraw a commitment for any CDBG funds which remain unobligated 24 months after the date of the announcement of the tentative grant award.

#### **H. GRANT AMENDMENT**

All grantees must request prior approval of grant amendments such as those involving new activities or alteration of the existing activities or budget or lengthening of the schedule for project implementation, as proposed in the grant application and/or negotiated in the grant contract. Before the Department makes a determination to allow the amendment, the grantee must clearly demonstrate that the modification is justified and will enhance the overall impact of the original project. The Department will consider each request to determine whether the modification is substantial enough to necessitate reevaluating the project's original ranking. If warranted the Department will analyze the proposed modification and its impact on the scores originally assigned the application.

If re-ranked, in order to be approved, the proposed amendment must rank equal to or greater than the lowest numerical score received by a funded project.

The Department will require that a public hearing with reasonable notice be conducted by the grantee if the proposed amendment is determined to be a substantial change in project activities proposed in the original application for CDBG funds.

Substantial changes in project activities may also obligate the grant recipient to publish legal notices and to conduct additional environmental analysis in order to comply with federal environmental regulations.

# **APPENDICES**



## APPENDIX A

### STATE OBJECTIVES FOR THE 1989 MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

#### General

1. Provide funding to communities whose needs are greater than those of other communities and whose projects most effectively address local needs and the goal and objectives of the Montana CDBG Program.
2. Encourage meaningful citizen participation, including efforts to involve low and moderate income persons, in the selection, design and implementation of local community development projects.
3. Ensure that CDBG projects result in sound investment in Montana's communities and are administered efficiently, effectively and consistently with appropriate State and federal policies.
4. Encourage the recognition of potential environmental constraints on community development activities in order to avoid or mitigate potentially adverse impacts upon the human and natural environment.
5. Encourage coordinated long-term strategies for community development activities which are consistent with local planning efforts and capital improvements programming.
6. In order to increase the potential impact of limited CDBG funds, encourage the commitment and coordination of other available public or private resources for community development projects.

#### Economic Development

7. Encourage viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent, year around jobs principally for low and moderate income Montanans.
8. Encourage projects that will involve basic economic activities, including manufacturing, import substitution activities; or the distribution of Montana-made goods.
9. Encourage projects that involve the processing, refining, and marketing of Montana's natural resources.

#### Housing and Neighborhood Revitalization

10. Provide decent, safe, sanitary and energy efficient housing for persons of low and moderate income by conserving and improving the condition of appropriate existing housing stock.
11. Support the revitalization of deteriorated or declining residential neighborhoods through comprehensive neighborhood improvement efforts which address blight, as well as housing and public facility needs, while avoiding displacement of current residents.

12. Encourage the provision of affordable and appropriate housing assistance to low and moderate income households, and in particular, those with special needs such as those with lower incomes, female heads of family, or minority, elderly or disabled members.
13. Increase fair housing opportunity for low and moderate income persons by encouraging efforts by local governments to prevent discriminatory or restrictive housing practices.
14. Encourage private sector investment in housing for low and moderate income households and increase the impact of local housing programs through cooperative arrangements with private lenders and the use of financial leveraging techniques.

#### **Public Facilities**

15. Assist communities in providing appropriate and long-term solutions to serious deficiencies in public facilities which are detrimental to the public health and safety and detract from further community development, or which are necessary to meet other essential community needs.
16. Encourage community participation in the financing of public facility projects in proportion to local financial resources and capacity to share in project costs.

## APPENDIX B

### CITIZEN PARTICIPATION PLAN FOR THE MONTANA COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM

#### A. Purpose

Pursuant to Section 104(a)(3) of the Housing and Community Development Act, the Montana Department of Commerce (DOC) has prepared the following detailed Citizen Participation Plan. The intent of this plan is to ensure that the citizens of Montana, particularly persons of low and moderate income residing in slum and blight areas or areas in which CDBG funds are proposed to be used, are provided the opportunity and encouraged to participate in the planning and implementation of CDBG-funded activities.

#### B. Responsibilities of the Montana Department of Commerce

1. Prior to submitting its annual CDBG Application Guidelines to the U.S. Department of Housing and Urban Development (HUD), DOC will in a timely manner:
  - (a) furnish interested citizens and eligible local governments information concerning the amount of funds available for proposed community development and housing activities and the range of activities that will benefit persons of low and moderate income, the State's community development objectives, and the projected use of CDBG funds;
  - (b) publish proposed application guidelines in such a manner to provide affected citizens an opportunity to examine their contents and to submit comments on the proposed guidelines and on the community development performance of DOC; and
  - (c) hold one or more public hearings to obtain the views of citizens on community development and housing needs as authorized by Section 90-1-103, MCA, and under the procedures established by the Montana Administrative Procedures Act, Title 2, Chapter 4, MCA.
2. The Federal Housing and Community Development Act, which established the CDBG program, requires the Department of Commerce to submit a performance and evaluation report to HUD on each of the past annual CDBG programs which have been administered by the State. These reports include a summary of the accomplishments of each local project funded through each fiscal year's program, a description of the use of the funds for each project, a description of the national and state objectives met by each project, as well as a summary of the extent to which low and moderate income persons benefited from each project. These reports were first submitted to HUD in 1986 and are published annually in September. Copies are available from the Department for public review and comment.

3. After providing reasonable notice, the public may review Department of Commerce files pertaining to the past use of CDBG funds under the State CDBG program at the Department's offices in Helena, Montana;
4. The Montana Department of Commerce will give citizens and Montana's local governments reasonable notice of, and an opportunity to comment on, any proposed change in the method of distribution of CDBG funds or any major amendment of the Montana CDBG Program Guidelines. The Department will:
  - (a) publish a notice of the proposed change in order to provide citizens and Montana's counties and municipalities reasonable notice of the change;
  - (b) consider comments received from citizens and local government officials prior to making a final decision regarding the change;
  - (c) publish the change; and
  - (d) submit a copy of the change to HUD.

#### C. Responsibilities of CDBG Applicants and Recipients

##### 1. Citizen participation in the preparation of CDBG applications

- (a) Applicants must provide citizens, especially low and moderate income residents, an adequate notice and opportunity for meaningful involvement in the planning and development of CDBG applications.
- (b) At a minimum, the applicant must hold two public hearings, one before preparing the application and one prior to passage of a resolution by the governing body authorizing the submission of the application. The public hearings may be conducted either as part of a regularly scheduled meeting of the governing body or as hearings convened especially for CDBG purposes.
- (c) A record of the required hearings must be submitted with the application for CDBG funds, along with copies of the public notices for the hearings or affidavits of publication for the notices. A verbatim record is not necessary; the names of persons who attended and a summary of comments by local officials and citizens is sufficient.
- (d) The purpose of the first public hearing is to inform citizens about the CDBG program, the amount of funds available, how it may be used, the range of activities eligible for funding and other general program requirements. The first hearing is also designed to solicit public comment, particularly from low and moderate income people, on community needs and priorities for economic development,

housing and public facilities, including the needs of low and moderate income persons. In considering the needs of low and moderate income, the governing body is encouraged to consider the needs of households which may be especially needy, such as those with lower incomes, female heads of households or minority, elderly or disabled members. The first public hearing must be held not more than twelve months prior to the date of application.

- (e) The purpose of the second public hearing is to give citizens and potential beneficiaries of the proposed project adequate opportunity to review and comment on the community's CDBG application, before the community submits its application. The issues which should be considered include the proposed project location, activities, budget (including the estimated amount and sources of funds proposed to be used for activities that will benefit low and moderate income families), any costs to be imposed on residents as a result of the project (particularly those of low and moderate income), and, if appropriate, the plans of the grantee for minimizing displacement of persons as a result of activities assisted with CDBG funds. The second public hearing must be held not more than two months prior to the date of application.
- (f) Notice of each public hearing should be published at least once in a newspaper of general circulation in the community at least seven days prior to the hearing. In addition to the published notices, the applicant should make reasonable efforts to inform citizens of the hearings who may be affected by a CDBG project but who might not be reached through formal newspaper notices. Examples of actions applicants may take to ensure citizen participation include meeting with community groups and leaders prior to public hearings, holding informational meetings, distributing notices of public meetings to residents, or posting of notices in ways customary to the community. These efforts should be especially concentrated in any neighborhood which may be affected by a proposed CDBG project. The hearings should be scheduled at times and locations which will encourage broad citizen participation. (Communities without a newspaper may substitute alternatives such as radio announcements, mailed notices, and posters.)

**D. Responsibilities of Both DOC and CDBG Applicants and Recipients.**

**1. Public Hearings**

- (a) Public hearings will be the primary means of obtaining citizen views and responding to proposals and questions related to community development and housing needs, proposed CDBG activities and past CDBG performance.

(b) Formal public notice will be provided before such public hearings. As circumstances warrant and as DOC and cities, towns and counties determine necessary or appropriate, notice may additionally be specifically directed to persons of low and moderate income, those persons benefiting from or affected by CDBG activities and/or representatives of such persons. Hearings will be held at times and locations convenient to potential and actual beneficiaries and with accommodation for the handicapped. In the case of public hearings where a significant number of non-English speaking residents can be reasonably expected to participate, arrangements will be made to have an interpreter present.

2. Access to Records, Meetings, Information

- (a) DOC and local government applicants for or recipients of CDBG funds will provide citizens with reasonable and timely access to local meetings, information, and records relating to the proposed actual use of CDBG funds.
- (b) Information and records regarding the proposed and past use of CDBG funds will be available at the Montana Department of Commerce, Local Government Assistance Division, Helena, Montana, and at a location designated by each CDBG applicant and grant recipient during regular office hours.

3. Technical Assistance

The Montana Department of Commerce and Montana cities, towns and counties will provide technical assistance to groups representative of persons of low and moderate income that request assistance in developing CDBG proposals. The level and type of assistance which is appropriate will be determined by the Department and each governing body based on its ability to provide or arrange for such assistance, the cost of providing such assistance, and other relevant factors.

4. Complaints and Grievances

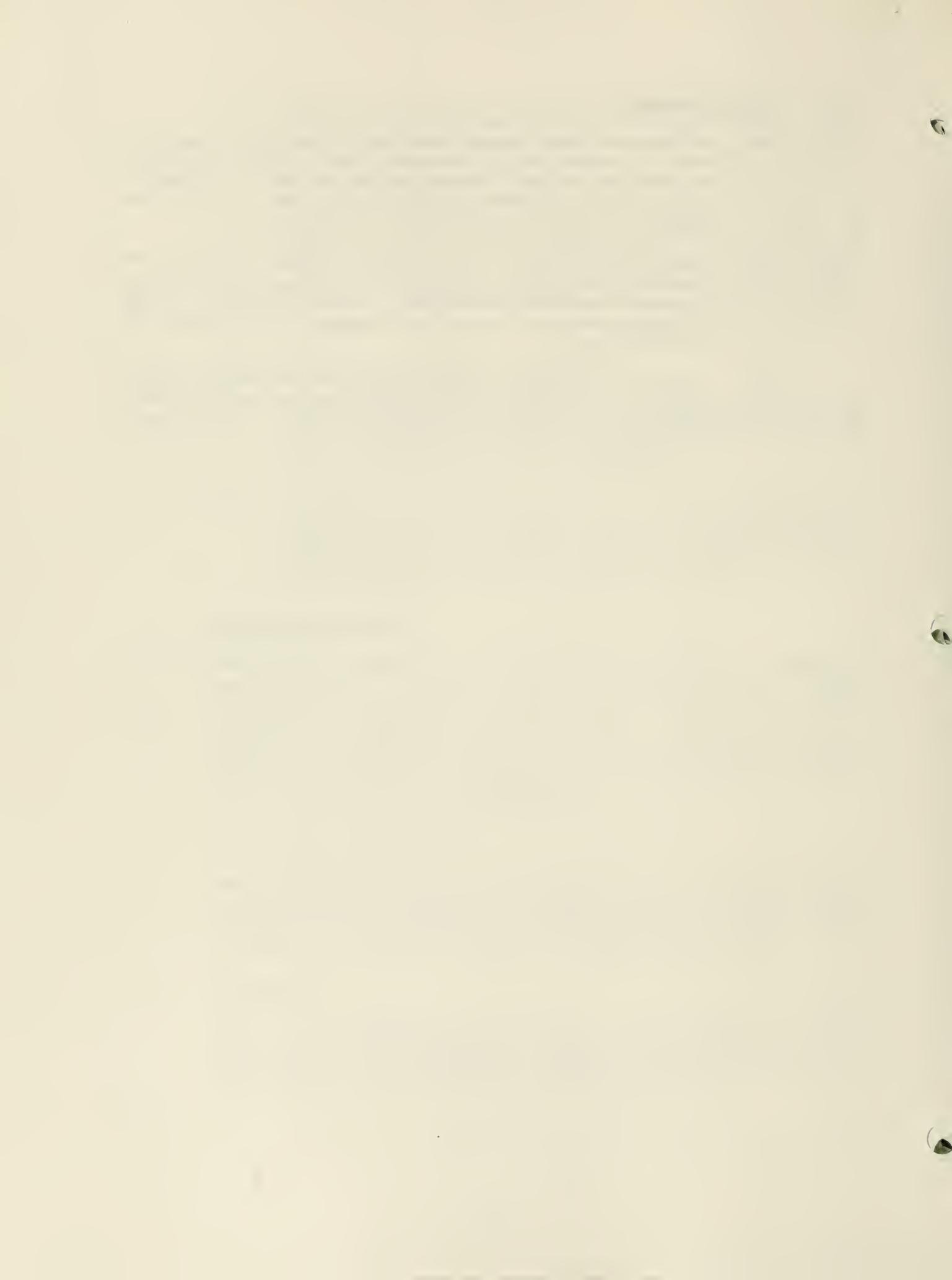
DOC and Montana cities, towns and counties will respond to written complaints and grievances concerning their CDBG activities in writing and in a timely manner. When practicable, such written responses shall be made within fifteen (15) working days.

5. Montana Law

DOC and local government applicants for, and recipients of, CDBG funds shall afford Montana citizens reasonable opportunity to participate in governmental actions and decision making as provided under Montana law (Title 2, Chapter 3, MCA).

6. Grant Amendment

- (a) All grantees must request prior approval of grant amendments such as those involving new activities or alteration of the existing activities or budget or lengthening of the schedule for project implementation, as proposed in the grant application and/or negotiated in the grant contract.
- (b) The Department will require that a public hearing with reasonable notice be conducted by the grantee if the proposed amendment is determined to be a substantial change in project activities contained in the original application for CDBG funds.
- (c) Substantial changes in project activities may also obligate the grant recipient to publish legal notices and to conduct additional environmental analysis in order to comply with federal environmental requirements.



## APPENDIX C

### ACTIVITIES ELIGIBLE FOR CDBG ASSISTANCE UNDER THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

The following includes the entire text of Section 105(a) of the Housing and Community Development Act of 1974 which describes the activities which are eligible for CDBG assistance. The portions of the text in bold type indicate the amendments made to the act by the Housing and Community Development Act of 1987.

#### Eligible Activities

Section 105(a) Activities assisted under this title may include only:

- (1) the acquisition of real property (including air rights, water rights, and other interests therein) which is (A) blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth; (B) appropriate for rehabilitation or conservation activities; (C) appropriate for the preservation or restoration of historic sites, the beautification of urban land, the conservation of open spaces, natural resources, and scenic areas, the provision of recreational opportunities, or the guidance of urban development; (d) to be used for the provision of public works, facilities, and improvements eligible for assistance under this title; or (E) to be used for other public purposes;
- (2) the acquisition, construction, reconstruction, or installation (including design features and improvements with respect to such construction, reconstruction, or installation that promote energy efficiency) of public works, facilities (except buildings for the general conduct of government), and site or other improvements;
- (3) code enforcement in deteriorated or deteriorating areas in which such enforcement, together with public improvements and services to be provided, may be expected to arrest the decline of the area;
- (4) clearance, demolition, removal, and rehabilitation (including rehabilitation which promotes energy efficiency) of buildings and improvements (including interim assistance, and financing public or private acquisition for rehabilitation, and rehabilitation, of privately owned properties and including the renovation of closed school buildings);
- (5) special projects directed to the removal of material and architectural barriers which restrict the mobility and accessibility of elderly and handicapped persons;
- (6) payments to housing owners for losses of rental income incurred in holding for temporary periods housing units to be utilized for the relocation of individuals and families displaced by activities under this title;
- (7) disposition (through sale, lease, donation, or otherwise) of any real property acquired pursuant to this title or its retention for public purposes;

(8) provisions of public services, including but not limited to those concerned with employment, crime prevention, child care, health, drug abuse, education, energy conservation, welfare or recreation needs, if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of submission of the statement with respect to which funds are to be made available under this title, and which are to be used for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the unit of general local government, except that not more than 15 per centum of the amount of any assistance to a unit of general local government under this title may be used for activities under this paragraph unless such unit of general local government used more than 15 percent of the assistance received under this title for fiscal year 1983 for such activities (excluding any assistance received pursuant to Public Law 98-8), in which case such unit of general local government may use not more than the percentage or amount of such assistance used for such activities for such year, whichever method of calculation yields the higher amount;

(9) payment of the non-federal share required in connection with a federal grant-in-aid program undertaken as part of activities assisted under this title;

(10) payment of the cost of completing a project funded under title I of the Housing Act of 1949;

(11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate;

(12) activities necessary (A) to develop a comprehensive community development plan, and (B) to develop a policy-planning-management capacity so that the recipient of assistance under this title may more rationally and effectively (i) determine its needs, (ii) set long-term goals and short-term objectives, (iii) devise programs and activities to meet these goals and objectives, (iv) evaluate the progress of such programs in accomplishing these goals and objectives, and (v) carry out management, coordination, and monitoring of activities necessary for effective planning implementation;

(13) payment of reasonable administrative costs and carrying charges related to the planning and execution of community development and housing activities, including the provision of information and resources to residents of areas in which community development and housing activities are to be concentrated with respect to the planning and execution of such activities, and including the carrying out of activities as described in section 701(e) of the Housing Act of 1954 on the date prior to the date of enactment of the Housing and Community Development Amendments of 1981;

(14) activities which are carried out by public or private nonprofit entities, including (A) acquisition of real property; (B) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities (except for buildings for the general conduct of government), site improvements, and utilities, and (ii) commercial or industrial buildings or

structures and other commercial or industrial real property improvements; and  
(C) planning;

(15) assistance to neighborhood-based nonprofit organizations, local development corporations, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development energy conservation project in furtherance of the objectives of section 101(c), including grants to neighborhood-based nonprofit organizations, or other private or public nonprofit organizations, for the purpose of assisting, as part of neighborhood revitalization or other community development, the development of shared housing opportunities (other than by construction of new facilities) in which elderly families (as defined in section 3(b) (3) of the United States Housing Act of 1937) benefit as a result of living in a dwelling in which the facilities are shared with others in a manner that effectively and efficiently meets the housing needs of the residents and thereby reduces their cost of housing;

(16) activities necessary to the development of comprehensive community-wide energy use strategy, which may include items such as --

- (A) a description of energy use and projected demand by sector, by fuel type, and by geographic area;
- (B) an analysis of the options available to the community to conserve scarce fuels and encourage use of renewable energy resources;
- (C) an analysis of the manner in, and the extent to, which the community's neighborhood revitalization, housing, and economic development strategies will support its energy conservation policy;
- (D) an analysis of the manner in, and the extent to, which energy conservation objectives will be integrated into local government operations, purchasing and service delivery, capital improvements, budgeting, land use planning and zoning, and traffic control parking, and public transportation functions;
- (E) a statement of the actions that community will take to foster energy conservation and the use of renewable energy resources in the private sector, including the enactment and enforcement of local codes and ordinances to encourage or mandate energy conservation or use of renewable energy resources, financial and other assistance to be provided (principally for the benefit of low-and moderate-income persons) to make energy conserving improvements to residential structures, and any other proposed energy conservation activities;
- (F) appropriate provisions for energy emergencies;
- (G) identification of the local governmental unit responsible for administering the energy use strategy;

(H) provision of a schedule for implementation of each element in the strategy; and

(I) a provision of the savings in scarce fossil fuel consumption and the development and use of renewable energy resources that will result from implementation of the energy use strategy;

(17) provision of assistance to private, for-profit entities, when the assistance is necessary or appropriate to carry out an economic development project; and

(18) the rehabilitation or development of housing assisted under Section 17 of the United States Housing Act of 1937.

(19) provision of assistance to facilitate substantial reconstruction of housing owned and occupied by low and moderate income persons (A) where the need for the reconstruction was not determinable until after rehabilitation under this section had already commenced, or (B) where the reconstruction is part of a neighborhood rehabilitation effort and the grantee (i) determines the housing is not suitable for rehabilitation, and (ii) demonstrates to the satisfaction of the Secretary that the cost of substantial reconstruction is significantly less than the cost of new construction and less than the fair market value of the property after substantial reconstruction.

(b) Upon the request of the recipient of assistance under this title, the Secretary may agree to perform administrative services on a reimbursable basis on behalf of such recipient in connection with loans or grants for the rehabilitation or properties as authorized under subsection (a)(4).

(c)(1) In an case in which an assisted activity described in paragraph (14) or (17) of subsection (a) is identified as principally benefiting persons of low and moderate income such activity shall --

(A) be carried out in a neighborhood consisting predominately of persons of low and moderate income and provide services for such persons; or

(B) involve facilities designed for use predominately by persons of low and moderate income; or

(C) involve employment of persons, a majority of whom are persons of low and moderate income.

The requirements of subparagraph (A) do not prevent the use of assistance under this title for the development, establishment, and operation for not to exceed two years after its establishment of a uniform emergency telephone number system if the Secretary determines that -

(i) such system will contribute substantially to the safety of the residents of the area served by such system;

(ii) not less than 51 percent of the use of the system will be by persons of low and moderate income, and

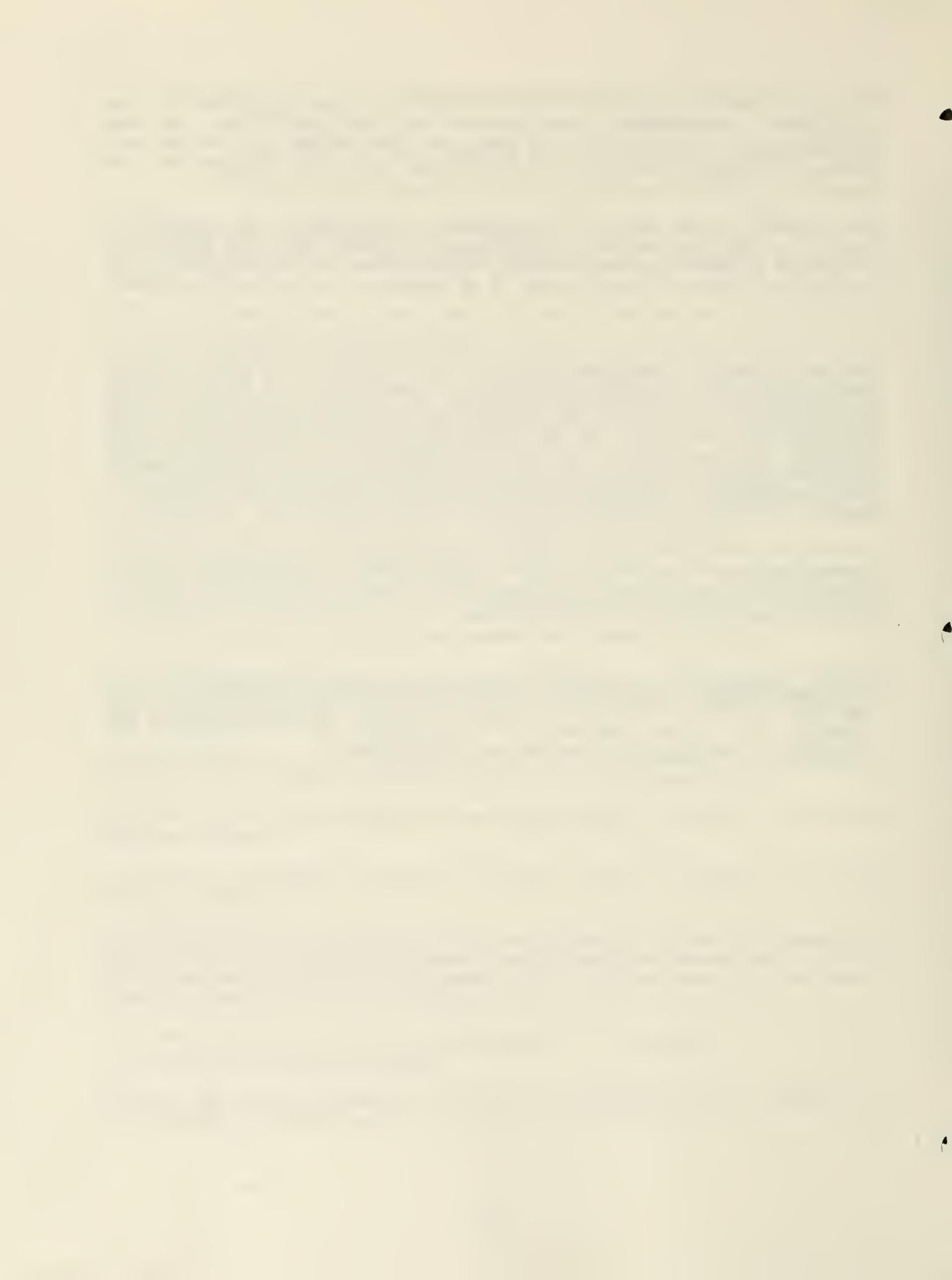
(iii) other Federal funds received by the grantee are not available for the development, establishment, and operation of such system due to the insufficiency of the amount of such funds, the restrictions on the use of such funds, or the prior commitment of such funds for other purposes by the grantee.

The percentage of the cost of the development, establishment, and operation of such a system that may be paid from assistance under this title and that is considered to benefit low and moderate income persons is the percentage of the population to be served that is made up of persons of low and moderate income.

(2) In any case in which an assisted activity described in subsection (a) is designed to serve an area generally and is clearly designed to meet identified needs of persons of low and moderate income in such area, such activity shall be considered to principally benefit persons of low and moderate income if (A) not less than 51 percent of the residents of such area are persons of low and moderate income; or (B) in any jurisdiction having no areas meeting the requirements of subparagraph (A), the area served by such activity has a larger proportion of persons of low and moderate income than not less than 75 percent of the other areas in the jurisdiction of the recipient.\*

(3) Any assisted activity under this title that involves the acquisition or rehabilitation of property to provide housing shall be considered to benefit persons of low and moderate income only to the extent such housing will, upon completion, be occupied by such persons.

\*Technical amendments to the Act in 1984 limit the exception provided in this paragraph to urban counties and metropolitan cities starting with the FY 1985 program. The option provided in this paragraph (2) is therefore not available to applicants for the Montana CDBG Program.



## **APPENDIX D**

### **MONTANA DEPARTMENT OF COMMERCE STATE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

#### **STATEMENT OF ASSURANCES**

Each applicant must agree to comply with all applicable State and federal laws and regulations in implementing their proposed CDBG project, if it is selected for funding. Listed in the following Statement of Assurances are the most important federal regulations that apply to projects using CDBG funds. They cover a wide range of issues including environmental impacts, labor standards, employment practices, financial procedures, and civil rights, many of which can have an affect on the costs or complexity of project implementation. Each federal law or regulation is annotated to give the applicant a general understanding of the requirements that must be met. Since this is a brief summary and not intended to be a comprehensive description of each law, local officials who have any questions or concerns regarding the applicability of these requirements should contact the Department for guidance.

MONTANA DEPARTMENT OF COMMERCE  
STATE COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

STATEMENT OF ASSURANCES

The Applicant hereby assures and certifies that:

**ACCEPTANCE OF CDBG PROGRAM REQUIREMENTS**

It will comply with all applicable parts of Title I of the Housing and Community Development Act of 1974, as amended, which have not been cited herein as well as with other applicable federal laws and regulations.

It will comply with all requirements established by the Department of Commerce to ensure conformance to applicable State laws, regulations, and administrative procedures.

It accepts the terms, conditions, selection criteria, and procedures established by the Montana Community Development Block Grant Program and expressly waives any statutory or common law right it may have to challenge the legitimacy and propriety of these terms, conditions, criteria, and procedures in the event that it is not selected for an award of CDBG funds.

**ACQUISITION, DISPLACEMENT AND RELOCATION**

It will minimize displacement as a result of activities assisted with CDBG funds and assist persons actually displaced.

It will comply with:

- Sections 301 and 302 of Title III (Uniform Real Property Acquisition Policy) of the Uniform Relocation Assistance and Real Property Policies Act of 1970 and will comply with Sections 303 and 304 of the Title III, and HUD implementing instructions contained in 24 CFR Part 42. The grantee must inform affected persons of their rights and of the acquisition policies and procedures set forth in the regulations of 24 CFR, Part 42 and 24 CFR 570.602(b);
- Title II (Uniform Relocation Assistance) of the Uniform Relocation Assistance and Property Acquisition Act of 1970 and HUD implementing regulations of 24 CFR Part 42 and 24 CFR 570.602(a) which require the Grantee to provide relocation payments and offer relocation assistance as described in Section 205 of the Uniform Relocation Assistance Act to all persons displaced as a result of acquisition of real property for an activity assisted under the CDBG Program. Such payments and assistance must be provided in a fair and consistent and equitable manner that ensures that the relocation process does not result in a different or separate treatment of such persons on account of race, color, religion, national origin, sex or source of income. The grantee must assure that, within a reasonable period of time prior to displacement, decent, safe and sanitary replacement dwellings will be available

to all displaced families and individuals and that the range of choices available to such persons will not vary on account of their race, color, religion, national origin, sex or source of income; and

- The Antidisplacement and Relocation Assistance Plan adopted by the Montana Department of Commerce for the Fiscal Year 1988 Montana CDBG program.

#### ASSESSMENTS FOR PUBLIC IMPROVEMENTS

It will not attempt to recover any capital costs of public improvements assisted in whole or part with CDBG funds by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements, unless:

- a. CDBG funds are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from revenue sources other than CDBG funds; or,
- b. for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the applicant certifies that it lacks sufficient CDBG funds to comply with the requirements of clause (a), above.

#### BUILDING STANDARDS

It will require every building or facility (other than a privately owned residential structure) designed, constructed, or altered with funds provided under the Montana CDBG Program to comply with the "American Standard Specifications for Making Buildings and Facilities Accessible to, and Usable by, the Physically Handicapped," Number A-117.1R 1971, subject to the exceptions contained in CFR 101-19.604. It will also comply with the Architectural Barriers Act of 1968 and HUD regulations 24 CFR part 8, "Nondiscrimination Based on Handicap in Federally Assisted Activities of HUD". The applicant will be responsible for conducting inspections to insure compliance with these specifications by the contractor; and will comply with HUD Cost-Effective Energy Standards, 24 CFR Part 39.

#### CITIZEN PARTICIPATION

It will comply with the detailed Citizen Participation Plan adopted by the Montana Department of Commerce for the Montana CDBG program.

#### CIVIL RIGHTS, EQUAL OPPORTUNITY, AND FAIR HOUSING REQUIREMENTS

##### Civil Rights

It will comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.), and the regulations issued pursuant thereto (24 CFR Part 1), which provides that no person in the United States shall on the grounds of race,

color, or national origin, be excluded from participation in, be denied in the benefits of, or be otherwise subjected to discrimination under any program or activity for which the applicant received Federal financial assistance and will immediately take any measures necessary to effectuate this assurance. If any real property or structure thereon is provided or improved with the aid of Federal financial assistance extended to the applicant, this assurance shall obligate the applicant, or in the case of any transfer of such property, any transferee, for the period during which the real property or structure is used for a purpose for which the Federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits.

### Equal Opportunity

It will comply with:

- Section 109 of the Housing and Community Development Act of 1974 (ACT), as amended, and the regulations issued pursuant thereto (24 CFR 570.601), which provides that no person in the United States shall, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under the Act;
- the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101 et seq.). The act provides that no person shall be excluded from participation, denied program benefits or subjected to discrimination on the basis of age under any program or activity receiving federal funding assistance;
- Section 504 of the Rehabilitation Act of 1973, amended (29 U.S.C. 794). The act provides that no otherwise qualified individual shall, solely, by reason of his or her handicap, be excluded from participation (including employment), denied program benefits or subjected to discrimination under any program or activity receiving federal assistance funds;
- Section 3 of the Housing and Community Development Act of 1968 (12 U.S.C. 170/u) (24 CFR Part 135). Section 3 of the Housing and Urban Development Act of 1968 requires, in connection with the planning and carrying out of any project assisted under the Act, to the greatest extent feasible, opportunities for training and employment be given to lower-income persons residing within the unit of local government or the nonmetropolitan county in which the project is located, and contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part, by persons residing in the project area. The grantee must assure good faith efforts toward compliance with the statutory directive of Section 3; and
- Executive Order 11246, as amended by Executive Orders 11375 and 12086, and the regulations issued pursuant thereto (24 CFR Part 130 and 41 CFR Chapter 60) prohibit a CDBG recipient and subcontractors, if any, from discriminating against any employee or applicant for employment because of race, color, religion, sex

or national origin. The grantee and subcontractors, if any, must take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action must include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rate of pay or other forms of compensation; and selection for training, including apprenticeship. The grantee and subcontractors must post in conspicuous places, available to employees and applicants for employment, notices to be provided setting for the provisions of this nondiscrimination clause. For contracts over \$10,000 the grantee or subcontractors will send to each applicable labor union a notice of the above requirements, the grantee and subcontractors will comply with relevant rules, regulations and orders of the U.S. Secretary of Labor. The grantee or subcontractors must make their books and records available to State and federal officials for purposes of investigation to ascertain compliance.

#### Fair Housing

It will affirmatively further fair housing and will comply with:

- Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), as amended. The law states that it is the policy of the United States and prohibits any person from discriminating in the sale or rental of housing, the financing of housing or the provision of brokerage services, including in any way making unavailable or denying a dwelling to any person, because of race, color, religion, sex or national origin. CDBG grantees must also administer programs and activities relating to housing and community development in a manner that affirmatively promotes fair housing and furthers the purposes of Title VIII; and
- Executive Order 11063, as amended by Executive Order 12259, requires CDBG recipients to take all actions necessary and appropriate to prevent discrimination because of race, color, religion, creed, sex or national origin; in the sale, leasing, rental and other disposition of residential property and related facilities (including land to be developed for residential use); or in the use or occupancy thereof if such property and related facilities are, among other things, provided in whole or in part with the aid of loans, advances, grants or contributions from the federal government.

#### Conflict of Interest

It will comply with the provisions of 24 CFR 570.611, 24 CFR 85.36, and with sections 2-2-125, 2-2-201, 7-3-4367, 7-5-2106, and 7-5-4109, MCA, (as applicable) regarding the avoidance of conflict of interest.

## ENVIRONMENTAL REQUIREMENTS

### Air Quality

It will comply with the Clean Air Act (42 U.S.C. 7401, et seq.) which prohibits engaging in, supporting in any way or providing financial assistance for, licensing or permitting, or approving any activity which does not conform to the State implementation plan for national primary and secondary ambient air quality standards.

### Environmental Impact

It will comply with:

- Section 104(f) of the Housing and Community Development Act of 1974, as amended through 1981. This section expresses the intent that "the policies of the National Environmental Policy Act of 1969 and other provisions of law which further the purposes of such Act be most effectively implemented in connection with the expenditure of funds under" the Act. Such other provisions of law which further the purpose of the National Environmental Policy Act of 1969 are specified in regulations issued pursuant to Section 104(f) of the Act and contained in 24 CFR Part 58; and
- The National Environmental Policy Act of 1969 (42 U.S.C. Section 4321, et seq. and 24 CFR Part 58). The purpose of this Act is to attain the widest use of the environment without degradation, risk to health or safety or other undesirable and unintended consequences. Environmental review procedures are a necessary part of this process. Pursuant to these provisions, the grantee must also submit environmental certifications to the Department of Commerce when requesting that funds be released for the project. The grantee must certify that the proposed project will not significantly impact the environmental regulations and fulfilled its obligations to give public notice of the funding request, environmental findings and compliance performance.

Its chief executive officer or other office of applicant approved by the State:

1. consents to assume the status of responsible federal official under the National Environmental Policy Act of 1969 (NEPA) and other provisions of federal law, as specified in 24 CFR Part 58, which further the purposes of NEPA, insofar as the provisions of such federal law apply to the Montana Community Development Block Grant Program; and
2. is authorized and consents on behalf of the applicant and himself to accept the jurisdiction of the Federal courts for the purpose of enforcement of his responsibilities as such an official.

### EPA List of Violating Facilities

It will ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of the program are not listed on the U.S. Environmental Protection Agency's (EPA) List of Violating Facilities and that it will notify the Department of Commerce of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by EPA.

### Farmlands Protection

It will comply with the Farmlands Protection Policy Act of 1981 (7 U.S.C. 4202, et seq.) and any applicable regulations (7 CFR Part 658) which established compliance procedures for any federally assisted project which will convert farmlands designated as prime, unique or statewide or locally important, to non-agricultural uses.

### Floodplain Management and Wetlands Protection

It will comply with:

- the Flood Disaster Protection Act of 1973, Public Law 93-234, 87 Stat. 975, approved December 31, 1973. Section 102(a) required, on and after March 2, 1974, the purchase of flood insurance in communities where such insurance is available as a condition for the receipt of any federal financial assistance for construction or acquisition purposes for use in any area that has been identified by the Secretary of the Department of Housing and Urban Development as an area having special flood hazards. The phrase "Federal financial assistance" includes any form of loan, grant, guaranty, insurance payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance;
- Executive Order 11988, May 24, 1978: Floodplain Management (42 F.R. 26951, et seq.). The intent of this Executive Order is to (1) avoid, to the extent possible, adverse impacts associated with the occupancy and modification of floodplains and (2) avoid direct or indirect support of floodplain development wherever there is a practical alternative. If a grantee proposes to conduct, support or allow an action to be located in the floodplain, the grantee must consider alternatives to avoid adverse effects and incompatible involvement in the floodplains. If siting in a floodplain is the only practical alternative, the grantee must, prior to taking any action: (1) design or modify its actions in order to minimize a potential harm to the floodplain; and (2) prepare and circulate a notice containing an explanation of why the action is proposed to be located in a floodplain; and
- Executive Order 11990, May 24, 1977: Protection of Wetlands (42 F.R. 26961, et seq.). The intent of this Executive Order is to avoid adverse impacts associated with the destruction or modification of wetlands and direct or indirect support of new

construction in wetlands, wherever there is a practical alternative. The grantee must avoid undertaking or providing assistance for new construction located in wetlands unless there is no practical alternative to such construction and the proposed action includes all practical measures to minimize harm to wetlands which may result from such use.

#### Historic Preservation

It will comply with:

-- Section 106 of the National Historic Preservation Act of 1966 (16 U.S.C. 470, as amended) through completion of the procedures outlined in 36 CFR 800 and 36 CFR 63. Compliance with these procedures should include:

1. consulting with the State Historic Preservation Office (SHPO) to identify properties listed in or eligible for inclusion in the National Register of Historic Places that exist within a proposed CDBG project's area of potential environmental impact, and/or to determine the need for professional archaeological, historical, or architectural inventory of potentially affected properties to determine whether they would qualify for register listing; and
2. consulting, as needed with the SHPO, Keeper of the National Register of Historic Places, and the Advisory council on Historic Preservation to evaluate the significance of historic or prehistoric properties which could be affected by CDBG work and to determine how to avoid or mitigate adverse effects to significant properties from project work.

#### Lead-Based Paint

It will comply with Title IV of the Lead-based Paint Poisoning Prevention Act (42 U.S.C. 4831), which prohibits the use of lead-based paint in residential structures constructed or rehabilitated with federal assistance of any kind.

#### Noise, Facility Siting

It will comply with HUD Environmental Standards (24 CFR, Part 51, Environmental Criteria and Standards and 44 F.R. 40860-40866, July 12, 1979) which prohibit HUD support for most new construction of noise-sensitive uses is prohibited in general for projects with unacceptable noise exposures is discouraged for projects with normally unacceptable noise exposure. Additionally projects may not be located near facilities handling materials of an explosive or hazardous nature, or in airport clear zones.

#### Solid Waste

It will comply with the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901, et seq.). The purpose of this Act is to promote the protection of health and the environment and to conserve valuable material and energy resources.

## Water Quality

It will comply with:

- the Safe Drinking Water Act of 1974 (42 U.S.C. Section 201, 300(f) et seq. and U.S.C. Section 349), as amended, particularly Section 1424(e) (42 U.S.C. Section 300H-303(e)) which is intended to protect underground sources of water. No commitment for federal financial assistance can be entered into for any project which the U.S. Environmental Protection Agency determines may contaminate an aquifer which is the sole or principal drinking water source for an area; and
- the Federal Water Pollution Control Act of 1972, as amended, including the Clear Water Act of 1977, Public Law 92-212 (33 U.S.C. Section 1251, et seq.) which provides for the restoration and maintenance of the chemical, physical and biological integrity of the nation's water.

## Wildlife

It will comply with:

- the Endangered Species Act of 1973, as amended (16 U.S.C. 1531 et seq.). The intent of this Act is to ensure that all federally assisted projects seek to preserve endangered or threatened species. Federally authorized and funded projects must not jeopardize the continued existence of endangered and threatened species or result in the destruction or modification of habitat of such species which is determined by the U.S. Department of the Interior, after consultation with the state, to be critical; and
- the Fish and Wildlife Coordination Act of 1958, as amended, (U.S.C. 661 et seq.) which requires that wildlife conservation receives equal consideration and is coordinated with other features of water resource development programs.

## Wild and Scenic Rivers

It will comply with the Wild and Scenic Rivers Act of 1968, as amended (16 U.S.C. 1271, et seq.). The purpose of this Act is to preserve selected rivers or sections of rivers in their free-flowing condition, to protect the water quality of such rivers and to fulfill other vital national conservation goals. Federal assistance by loan, grant, license or other mechanism can not be provided to water resources construction projects that would have a direct and adverse effect on any river included or designated for study or inclusion in the National Wild and Scenic River System.

## FINANCIAL MANAGEMENT

It will comply with the applicable requirements of:

- OMB Circular A-87, "Cost Principles for State and Local Governments," as specified by the Department of Commerce;

- HUD "Administrative Requirements for Grant and Cooperative Agreements to State, Local, and Federally-Recognized Indian Tribal Governments," (24 CFR, Part 85), or any equivalent procedures and requirements that the Montana Department of Commerce may prescribe. The HUD Administrative Requirements are the basis for a number of specific requirements on the financial management and recordkeeping of CDBG funds. The requirements apply to cash depositaries, bonding and insurance, recordkeeping, program income, property management, procurement, closeout, audit, and other requirements; and
- The Single Audit Act of 1984 which establishes criteria for determining the scope and content of audits and with OMB Circular A-128, "Audits of State and Local Governments," issued pursuant to the Act.

It will promptly refund to the Montana Department of Commerce any CDBG funds determined by an audit to have been spent in an unauthorized or improper manner or for ineligible activities.

It will give the Montana Department of Commerce, HUD, the Comptroller General, and the Montana Legislative Auditor, through any authorized representatives, access to and the right to examine all records, books, papers, or documents related to the grant.

#### LABOR STANDARDS

It will comply with:

- Section 110 of the Housing and Community Development Act of 1975, as amended, 24 CFR 570.605, and State regulations regarding the administration and enforcement of labor standards. Section 110 requires that all laborers and mechanics employed by contractors or subcontractors on construction work assisted under the Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276-1- 276a-5). By reason of the foregoing requirement the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.) also applies. However, these requirements apply to rehabilitation of residential property only if such property is designed for residential use for eight or more families;
- Davis-Bacon Act, as amended (40 U.S.C. et seq.), Section 2; June 13, 1934, as amended (48 Stat. 948.40 U.S.C. 276(c)), popularly known as The Copeland Anti-Kickback Act. The Act mandates that all laborers and mechanics be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account except "permissible" salary deductions, the full amounts due at the time of payments, computed at wage rates not less than those contained in the wage determination issued by the U.S. Department of Labor. Weekly compliance statements and

payrolls are required to be submitted to the federally-funded recipient by the contractor;

- Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et seq.). According to the Act, no contract work may involve or require laborers or mechanics to work in excess of eight hours in a calendar day, or in excess of 40 hours in a work week, unless compensation of not less than one and one-half times the basic rate is paid for the overtime hours. If this Act is violated, the contractor or subcontractor is liable to any affected employee for unpaid damages as well as to the United States for liquidated damages; and
- Federal Fair Labor Standards Act, (29 U.S.C.S. 201 et seq.). The act requires that covered employees be paid at least the minimum prescribed wage, and also that they be paid one and one-half times their basic wage rate for all hours worked in excess of the prescribed workweek.

#### **LEGAL AUTHORITY**

It possesses legal authority to apply for the grant and to execute the proposed project under Montana law and, if selected to receive a Community Development Block Grant, will make all efforts necessary to assure timely and effective implementation of the project activities described in the attached application.

#### **POLITICAL ACTIVITY**

It will comply with the Hatch Act (5 U.S.C. 1501, et seq.; 5 CFR Part 151) which restricts the political activity of individuals principally employed by a state or local agency in connection with a program financed in whole or in part by federal loans or grants. An affected employee may not be a candidate for public office in a partisan election.

#### **AUTHORIZATION TO SUBMIT APPLICATION**

Its governing body has duly adopted or passed as an official act a resolution, motion or similar action authorizing the submission of the application, including all understandings and assurances contained herein, and directing and authorizing the signatory to act in connection with the application and to provide such additional information as may be required.

\_\_\_\_\_  
Signature, Chief Elected Official  
(or Executive Officer)

\_\_\_\_\_  
Name (typed or printed)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

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**APPENDIX E**

**ANTIDISPLACEMENT AND RELOCATION ASSISTANCE PLAN**

1. The Montana Department of Commerce (DOC) encourages applicants to design their project so as to displace as few persons as necessary to meet the goals and objectives of the State CDBG program and critical local community development needs.
2. DOC will carefully consider any proposed displacement activities during application ranking.
3. When a proposed CDBG project could result in direct or indirect displacement of community residents (including businesses), the applicant must prepare a plan which describes the actions to be taken to assist such persons to remain in their neighborhoods, when they prefer, and to provide equitable and reasonable benefits to those persons who will be involuntarily and permanently displaced. The adequacy of any displacement mitigation plan will be assessed by the Department of Commerce on the basis of:
  - its responsiveness to displaced persons;
  - the timeliness of the remedy; and
  - the reasonableness of projected costs, including safeguards that will be established to assure prudent use of scarce public resources.
4. DOC will require all CDBG recipients to certify that they are following a residential antidisplacement and relocation assistance plan.
5. DOC will require all CDBG recipients to adopt a local antidisplacement and relocation assistance plan for all CDBG funded activities.
6. Grant recipients must replace on a one-for-one basis all occupied and vacant habitable low/moderate income dwelling units demolished or converted to a use other than as low/moderate income housing. The one-for-one replacement requirement will not apply if the U.S. Department of Housing and Urban Development (HUD) finds there is an adequate supply of available, vacant low/moderate income dwelling units in standard condition in the area.
7. DOC will require CDBG recipients to provide benefits to any person involuntarily and permanently displaced as a result of CDBG funded activities in accordance with Title V of the federal Housing and Community Development Act.

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## APPENDIX F

### MEDIAN FAMILY INCOME TABLES FOR CITIES, TOWNS, COUNTIES AND COUNTY CENSUS DIVISIONS

The following table presents population, median family income, and median household income information for Montana counties, county census divisions, and incorporated cities and towns, according to the 1980 Census. CDBG applicants should use the median family income information in conjunction with the "Need for CDBG Assistance" ranking criterion for public facility projects.

Unincorporated communities (water and sewer districts) should use the applicable County census division information. For information regarding which County census division an unincorporated community lies within, please contact the Census and Economic Information Center, Department of Commerce, 1424 9th Avenue, Capitol Station, Helena, Montana, phone 444-2896.

STATE COUNTRY MCD./CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME	STATE COUNTY MCD./CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME
MONTANA				DEAVERHEAD COUNTY	18413	15420	9554
	786690	8186	16322	BIG HOLE BASIN DIVISION	12907	12907	13511
		701	11055	CLAPK CANYON/HORSE PRAIRIE DIVISION	9044	11719	13287
		414	11429	DILLON DIVISION	11719	11719	21563
		6586	17238	LIMA-CENTENNIAL VALLEY DIVISION	13783	13783	17230
		495	15073	BIG HORN COUNTY	11894	11894	15084
		11096	15729	CPOW RESERVATION DIVISION	13909	13909	14750
		5631	15349	HARDIN DIVISION	14479	14479	20497
		4351	16721	NORTHERN CHEYENNE DIVISION	13305	13305	18177
		900	12868	TONGUE RIVER DIVISION	11899	11899	18957
		214	21654	BLAINE COUNTY	22981	22981	15839
		6999	14832	CHINOOK DIVISION	12987	12987	15502
		3172	15378	FORT DELAWARE DIVISION	13505	13505	18639
		1825	8068	HARLEM DIVISION	6352	6352	18639
		2002	17013	BROADHATER COUNTY	15115	15115	2191
		3267	15000	CHIHLSENKO EAST DIVISION	13614	13614	18121
		2517	14942	TOHOCEND WEST DIVISION	13232	13232	18329
		750	15179	CARBON COUNTY	14732	14732	3763
		8099	15517	CARBON EAST DIVISION	12230	12230	19389
		628	22537	FROMBERG-BRIGGER DIVISION	18512	18512	10221
		1752	15136	JOLIET DIVISION	11378	11378	12518
		1841	17470	RED LOGE DIVISION	15685	15685	12518
		3050	14638	RECRETS DIVISION	11594	11594	12518
		828	12315	CARTER COUNTY	11250	11250	10327
		1799	12821	EKAALKA DIVISION	11281	11281	18639
		1091	13300	LITTLE MISSOURI DIVISION	10625	10625	18639
		708	12125	CASCADE COUNTY	11991	11991	18639
		80696	18963	EDEN-STOCKTON DIVISION	16090	16090	18639
		1652	13542	GREAT FALLS NORTH DIVISION	20100	20100	18639
		15229	15799	GREAT FALLS DIVISION	19255	19255	18639
		874	14276	EDMONDSON DIVISION	13583	13583	18639
		70526	19255	EDMONDSON DIVISION	13588	13588	18639
		2530	19750	GALLATIN COUNTY	16090	16090	18639
		309	12125	GOLDEN FALLS DIVISION	12069	12069	18639
		3316	16598	SUN RIVER VALLEY DIVISION	15630	15630	18639
		6092	17139	CHOUTEAU COUNTY	15128	15128	18639
		2019	17500	BIG SANDY DIVISION	14214	14214	18639
		2860	17850	FORT BENTON DIVISION	15747	15747	18639
		1213	15536	GERALDINE DIVISION	14646	14646	18639
		13109	18445	CUSTER COUNTY	13839	13839	18639
		11839	18944	MILES CITY DIVISION	14088	14088	18639
		506	16985	MIZPAH-PUMPKIN DIVISION	10795	10795	18639
		366	9375	NORTH CUSTER DIVISION	9375	9375	18639

STATE COUNTY MCD/CCO PLACE NONMETROPOLITAN	MEDIAN HOUSE- HOLD INCOME	POPULA- TION	STATE COUNTY MCD/CCO PLACE NONMETROPOLITAN	MEDIAN FAMILY INCOME	POPULA- TION	STATE COUNTY MCD/CCO PLACE NONMETROPOLITAN	MEDIAN FAMILY INCOME	POPULA- TION
CUT BANK DIVISION	4579	19858	16769	16769	17328	HARRISON DIVISION	697	12266
GLACIER NATIONAL PARK DIVISION	45	21250	21250	1477	16014	MADISON VALLEY DIVISION	1477	13448
GOLDEN VALLEY COUNTY	1026	12898	11277	1525	15647	SHERIDAN DIVISION	1525	11303
LAVINA DIVISION	420	12083	10750	1412	13550	TWIN BRIDGES DIVISION	1412	11209
RYEGATE DIVISION	606	14306	11667	1337	14327	VIRGINIA CITY DIVISION	1337	12229
GRANITE COUNTY	2700	15760	12719	2154	15636	MEAGHER COUNTY	2154	13011
DRUMHOLD DIVISION	1092	17281	15852	379	12788	HARTHDALE-RINGLING DIVISION	379	10795
PHILIPSBURG DIVISION	1608	13750	10787	1775	16250	WHITE SULPHUR SPRINGS DIVISION	1775	13925
HILL COUNTY	17985	19977	16561	3675	17258	MINERAL COUNTY	3675	16065
GILDED FORD DIVISION	933	16786	13214	606	16736	ALBERTON DIVISION	606	15885
HARVE DIVISION	13789	21119	17642	2106	17765	SUPERIOR DIVISION	2106	16155
ROCKY BOY DIVISION	1613	14234	13311	963	16860	WEST END DIVISION	963	16005
RUDYARD DIVISION	1005	16290	13816	76016	19903	MISSOULA COUNTY	76016	16269
WILD HORSE LAKE DIVISION	645	13558	13722	3653	20231	FRENCHTOWN-EVARO DIVISION	3653	18573
JEFFERSON COUNTY	7029	19092	16777	4858	20766	LOLO DIVISION	4858	19125
BOULDER DIVISION	4463	19658	17217	65470	19950	MISSOULA DIVISION	65470	15975
WHITEHORN DIVISION	2566	17930	15771	2035	16827	SEELEY LAKE-BLACKFOOT VALLEY DIVIS	2035	15024
JUDITH BASIN COUNTY	2646	14717	12985	4429	14094	MUSSELSHELL COUNTY	4429	11432
GEYSER DIVISION	547	16875	13942	974	13611	KLEIN DIVISION	974	12083
HOBSON DIVISION	935	14115	12773	666	13250	MELTONDALE DIVISION	666	11161
STANFORD DIVISION	1163	14574	12677	2788	14636	ROUNDUP DIVISION	2788	11150
LAKE COUNTY	19056	14386	12270	12660	18042	PARK COUNTY	12660	14612
BIG FORK-SHAN RIVER DIVISION	1981	18311	17313	917	19375	GARDNER-COOKE DIVISION	917	13250
CHARLO DIVISION	1223	13600	13125	1454	13398	SHIELDS VALLEY DIVISION	1454	12424
POLSON DIVISION	7365	14462	11664	10289	10897	UPPER YELLOWSTONE VALLEY DIVISION	10289	15343
ROHAN DIVISION	4961	13371	12266	655	12277	PETROLEUM COUNTY	655	10848
ST. IGNATIUS DIVISION	3526	13563	11757	176	13403	WINNETT NORTH DIVISION	176	12926
LEWIS AND CLARK COUNTY	43039	20715	16960	479	11600	WINNETT SOUTH DIVISION	479	10300
AUGUSTA DIVISION	621	16667	13750	5367	13724	PHILLIPS COUNTY	5367	11921
HELENA DIVISION	30780	21207	17091	120	15972	BELKNAP DIVISION	120	16641
LINCOLN DIVISION	2124	16544	16233	4267	14430	MALTA DIVISION	4267	12101
WOLF CREEK DIVISION	1114	19297	16775	439	10900	PHILLIPS SOUTH DIVISION	439	10350
LIBERTY COUNTY	2129	17377	14339	541	9712	WHITEWATER DIVISION	541	11033
CHESTER DIVISION	1814	16932	13341	6731	19486	PONDERA COUNTY	6731	16126
JOPLIN DIVISION	515	20139	17500	158	12188	BLACKFEET EAST DIVISION	158	12188
LINCOLN COUNTY	17752	17480	15650	502	17974	BLACKFEET WEST DIVISION	502	9250
EUREKA DIVISION	3824	14432	13118	4511	20847	CORPUS CHRISTI DIVISION	4511	17872
LIBBY DIVISION	10939	19144	17067	VALIER-DUPUYER DIVISION	14125	12651		
TROY DIVISION	2989	15599	13110	POWDER RIVER COUNTY	2520	17665		
MCCONE COUNTY	2702	14295	11987	BROADUS DIVISION	1351	15065		
CIRCLE DIVISION	1782	16114	13121	EAST POWDER RIVER DIVISION	16205	13980		
NORTH MCCONE DIVISION	920	10893	10152	702	20703	OTTER DIVISION	702	11922
MADISON COUNTY	5448	15329	12135	467	16042	POWELL COUNTY	467	14265
				6958	17239			14697

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STATE COUNTY MCD/CCD PLACE	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME	MEDIAN FAMILY INCOME
NORTHWEST METROPOLITAN					
AVON-ELLISTON DIVISION	978	13710	13209	13209	11421
DEER LODGE DIVISION	5530	18222	14859	14859	9812
HELLVILLE DIVISION	450	16297	15397	15397	11673
PRairie COUNTY	1836	10724	9450	9450	14012
TERRY NORTH DIVISION	294	7500	6812	6812	13307
TERRY SOUTH DIVISION	1542	11103	9819	9819	15341
RAVALLI COUNTY	22493	15541	13254	13254	14043
DARBY DIVISION	1731	16823	14205	14205	14143
HAMILTON DIVISION	11409	14504	11853	11853	14475
STEVENSVILLE DIVISION	6628	17784	15999	15999	17223
SULU-EDWARDS DIVISION	914	17974	18156	18156	1590
VICTOR DIVISION	1811	13315	12360	12360	17670
RICHFIELD COUNTY	12243	19865	17615	17615	14107
FALVIEW DIVISION	2310	17636	15974	15974	12122
LAI DERT DIVISION	760	19836	19211	19211	981
SAVAGE-CRANE DIVISION	1329	16094	16633	16633	9375
SIDNEY DIVISION	7844	21221	18103	18103	9187
ROOSEVELT COUNTY	10467	16622	14812	14812	13750
EAST ROOSEVELT DIVISION	22259	17969	15704	15704	10250
FORT PECK RESERVATION DIVISION	8208	16217	14546	14546	17270
ROSEAU COUNTY	9899	19792	16750	16750	13142
ASHLAND DIVISION	565	16705	12750	12750	6587
FORSYTH DIVISION	3444	19435	17127	17127	10264
NORTHERN CHEYENNE DIVISION	2712	20022	18452	18452	758
ROSEAU DIVISION	3178	26359	25638	25638	12143
SANDERS COUNTY	8675	14549	12615	12615	12143
FLATHEAD DIVISION	1834	12750	10236	10236	12917
PLAINS DIVISION	2576	15039	13549	13549	11654
THOMPSON FALLS-WEST END DIVISION	4265	15152	13161	13161	10253
SHERIDAN COUNTY	5414	17270	14953	14953	10253
FORT PECK RESERVATION DIVISION	174	15694	15139	15139	12549
MEDICINE LAKE DIVISION	1030	16893	15465	15465	12738
PLEINWOOD DIVISION	3555	17516	14874	14874	12454
WESTBY DIVISION	655	17569	14223	14223	11215
SILVER BOW COUNTY	38092	19572	14591	14591	11173
EUTE DIVISION	36824	19430	14425	14425	11133
SILVER BOW NORTHWEST DIVISION	489	20625	18333	18333	11103
SILVER BOW SOUTH DIVISION	779	22434	21984	21984	12053
STILLWATER COUNTY	5598	15363	13240	13240	20200
ABST/POKEE DIVISION	1405	11866	10404	10404	17582
COLUNES DIVISION	2379	15636	12701	12701	11000
PARK CITY DIVISION	1214	20036	20174	20174	16181
STILLWATER NORTH DIVISION		10625	13448	13448	10714

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STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME	STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME	STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	POPULA- TION	MEDIAN FAMILY INCOME	MEDIAN HOUSE- HOLD INCOME
BIG SANDY TOWN		841	13365	11763	FROID TOWN	314	16250	14318	BIG TIMBER CITY	841	13365	14318
BIG TIMBER CITY		1690	14070	10954	FRONBERG TOWN	458	13250	10652	BILLINGS CITY	66798	20989	13158
BILLINGS CITY		66798	20989	16585	GERALDINE TOWN	299	14632	13158	BILLINGS HEIGHTS (CDP)	8480	21365	4455
BILLINGS HEIGHTS (CDP)		8480	18644	20105	GLASGOW CITY	19041	14690	16659	BONNER-WEST RIVERSIDE (CDP)	1749	16988	5949
BONNER-TOWN		14491	14281	12437	GLENDALE CITY	20334	16659	16659	BOULDER CITY	21645	18476	151
BOULDER CITY		21645	18476	12461	GRASS RANGE TOWN	12917	8000	8000	BOZEMAN CITY	715	15221	56725
BOZEMAN CITY		715	17443	11394	GREAT FALLS CITY	12007	16209	16209	BRIDGER TOWN	720	14839	14055
BRIDGER TOWN		720	12917	11667	HAMILTON CITY	16055	9255	9255	BROADFOOT TOWN	123	15357	12601
BROADFOOT TOWN		123	15655	15357	HARLEM CITY	3324	16639	12601	BROADVIEW TOWN	412	10955	1023
BROADVIEW TOWN		412	37207	11979	HARLOWTON CITY	1162	13558	13558	BRICKTON TOWN	1276	19699	11536
BRICKTON TOWN		1276	19699	14776	HAURE NORTH (CDP)	10891	21076	21076	BROWNING TOWN	754	15588	10891
BROWNING TOWN		754	15588	12625	HELENA CITY	1263	20370	19955	BUTTE-SILVER BOW	963	18421	23930
BUTTE-SILVER BOW		963	18421	12311	HIGHGAM TOWN	193	21588	21588	CASCADE TOWN	1660	15676	13438
CASCADE TOWN		1660	16335	12649	HOBSON TOWN	269	14375	13173	CHESTER TOWN	1798	11786	564
CHESTER TOWN		1798	19113	11786	HOT SPRINGS TOWN	7794	6282	6282	CHINOOK CITY	931	15550	441
CHINOOK CITY		931	15521	13462	HYSHAM TOWN	16125	14868	14868	CHOATEAU CITY	292	15521	36
CHOATEAU CITY		292	1503	27500	JOLIET TOWN	4167	4531	4531	CIRCLE PARK TOWN	3120	21000	599
CIRCLE PARK TOWN		3120	3139	16960	JORDAN TOWN	493	14653	11563	CLOUDSTRIP (CDP)	3074	16875	493
CLOUDSTRIP (CDP)		3074	20731	12321	JUDITH GAP CITY	233	14074	11971	COLUMBIA FALLS CITY	3074	17016	233
COLUMBIA FALLS CITY		3074	976	17442	KALISPELL CITY	12125	12404	12404	COLUMBUS TOWN	3688	20605	10648
COLUMBUS TOWN		3688	20605	17602	KEVIN TOWN	1914	14924	14924	COIRAD CITY	605	14013	1914
COIRAD CITY		605	4016	11486	LAUREL CITY	199	14643	12857	CUBERTSON TOWN	4016	18818	5481
CUBERTSON TOWN		4016	376	14728	LAVINA TOWN	181	13750	17135	CUT BANK CITY	376	13977	7104
CUT BANK CITY		376	3976	12045	LEWISTOWN CITY	16548	16548	16548	DARBY TOWN	3976	18444	2629
DARBY TOWN		3976	3976	12535	LIBBY CITY	20513	20513	20513	DEER LODGE CITY	155	28333	303
DEER LODGE CITY		155	408	21429	LIVINGSTON CITY	16713	16713	16713	DENTON TOWN	408	18000	6994
DENTON TOWN		408	372	14821	LOGUE GRASS TOWN	16719	16852	16852	DILLON CITY	1676	15179	7465
DILLON CITY		1676	1676	14038	LOLO (CDP)	7465	7188	7188	DODSON TOWN	1616	15054	2399
DODSON TOWN		1616	1616	14086	MALMSTROM AFB (CDP)	6675	20356	20356	DUMMORD TOWN	625	16196	12517
DUMMORD TOWN		625	1616	10900	MALTA CITY	2485	14858	14858	EAST HELENA TOWN	710	17446	969
EAST HELENA TOWN		710	710	13889	MANHATTAN TOWN	17230	12039	12039	EAST MISSOULA (CDP)	1219	16031	17230
EAST MISSOULA (CDP)		1219	1219	14231	MEDICINE LAKE TOWN	411	15224	15224	EKALAKA TOWN	3746	16023	411
EKALAKA TOWN		3746	1219	13996	MELSTONE TOWN	17019	14205	14205	EUNIS TOWN	641	15781	238
EUNIS TOWN		641	1219	13155	MILES CITY CITY	16964	12679	12679	EUREKA TOWN	1366	17386	9602
EUREKA TOWN		1366	1366	15579	MISSOULA CITY	19179	13808	13808	EVERGREEN (CDP)	1449	14668	33387
EVERGREEN (CDP)		1449	1449	13125	MISSOULA SOUTH (CDP)	19124	13938	13938	FAIRFIELD TOWN	2526	20161	5557
FAIRFIELD TOWN		2526	1693	17767	MOORE TOWN	24298	23729	23729	FLAXVILLE TOWN	1693	18701	221
FLAXVILLE TOWN		1693	1693	15840	NASHUA TOWN	17875	13312	13312	FORSYTH CITY	486	17604	486
FORSYTH CITY		486	1693	18701	HEINART TOWN	21000	12500	12500	FORT BENTON CITY	98	21000	98

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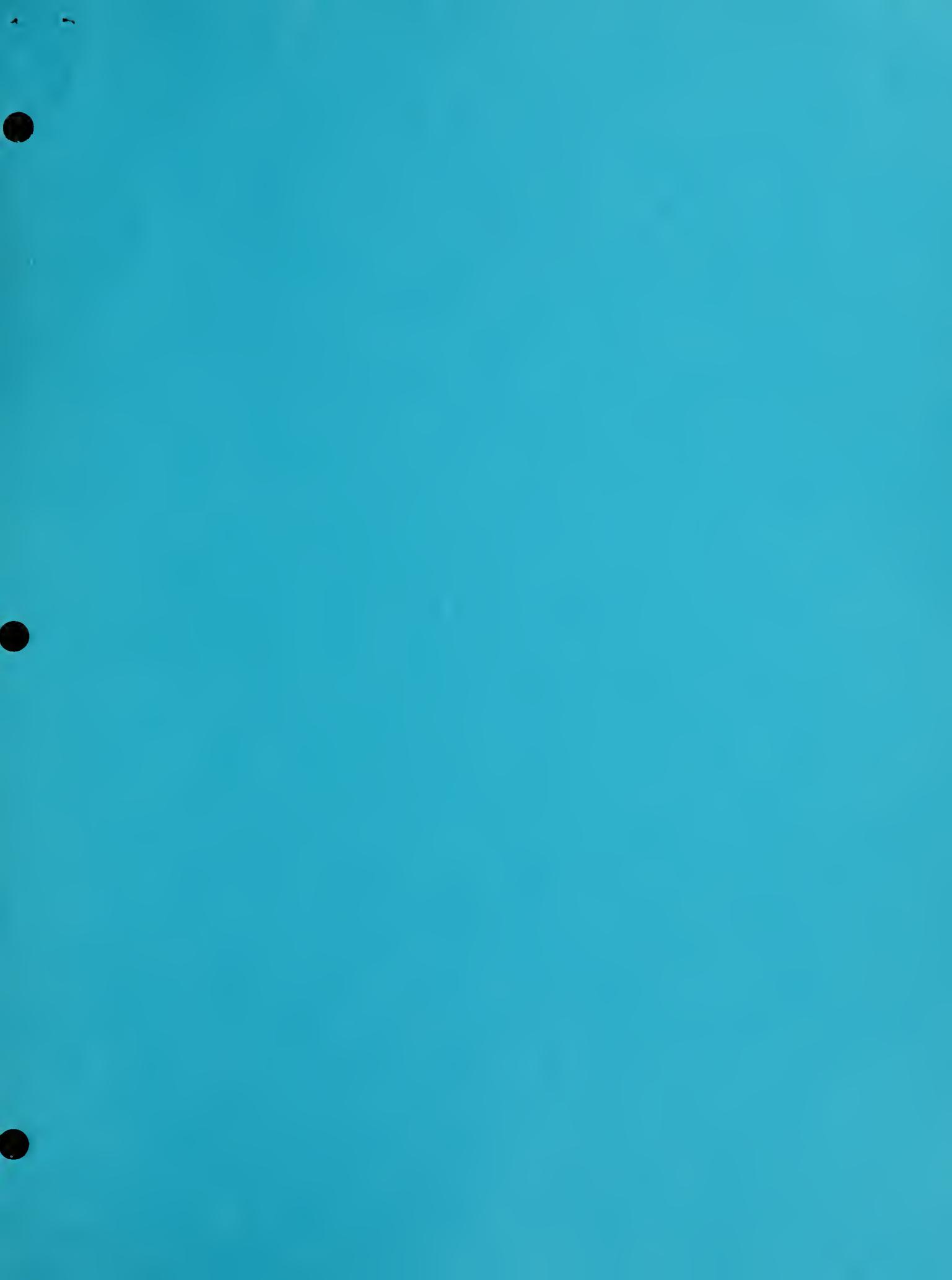
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STATE COUNTY MCD/CCD PLACE METROPOLITAN	STATE COUNTY MCD/CCD PLACE NONMETROPOLITAN	MEDIAN FAMILY INCOME	POPULA- TION	MEDIAN FAMILY INCOME	POPULA- TION	MEDIAN HOUSE- HOLD INCOME
OPIEIN TOWN	WILHELT TOWN	219	16750	16111	212	12857
ORCHARD HOMES (CDP)	WOLF POINT CITY	10637	19321	16311	2985	19082
OUTLOOK TOWN	NORTHMETROPOLITAN	120	14643	13654	59795	17902
PHILIPSBURG TOWN		1138	11742	9884		
PLAINS TOWN		1116	15227	12255		
PLENTYWOOD CITY		2476	17996	14692		
PLEVIA TOWN		190	15208	12750		
POLSON CITY		2681	13191	9246		
POPLAR CITY		949	15313	15318		
RATTLESNAKE (CDP)		3475	26935	23915		
RED LODGE CITY		1896	15192	10617		
REXFORD TOWN		149	15357	15060		
RICHIEY TOWN		446	15132	11957		
ROHAN CITY		1530	12739	10439		
ROUNDUP CITY		2119	15682	11887		
REGATE TOWN		291	14167	11250		
SACO TOWN		226	16500	6429		
ST. IGNATIUS TOWN		877	12461	9675		
SCOEY CITY		1382	17019	13484		
SHELBY CITY		3142	17887	13920		
SHEP LOAN TOWN		643	16979	11797		
SIDNEY CITY		5726	21979	18268		
STANFORD TOWN		587	15313	12000		
STEVENSVILLE TOWN		1248	15164	12468		
SUNLIGHT TOWN		518	20729	15714		
SUPERIOR TOWN		1038	18512	15121		
TERRY CITY		935	13060	11141		
THOMPSON FALLS TOWN		1515	15842	13177		
THREE FORKS TOWN		1247	15993	12714		
TOWNSEND CITY		1587	15066	12902		
TROY TOWN		1088	13798	11574		
TWIN BRIDGES TOWN		450	13077	8594		
VALIER TOWN		655	15804	14018		
VAUGHN (CDP)		2359	16987	19531		
VIRGINIA CITY TOWN		182	14135	12788		
WALKERVILLE CITY		885	14083	9825		
WESTBAY TOWN		309	13750	11563		
WEST YELLOWSTONE TOWN		754	16500	14625		
WHITEFISH CITY		3703	17025	14392		
WHITEHALL TOWN		1030	15179	11934		
WHITE SULPHUR SPRINGS CITY		1311	16760	14199		
WIGDAU TOWN		787	16042	14556		
WIMIFRED TOWN		154	9444	8527		

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